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# Alphabetical Listing of Abbreviations

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ACE	Automated Commercial Environment	FY	Fiscal Year
AD	Antidumping	GATT	General Agreement on Tariffs and Trade
AGOA	African Growth and Opportunity Act	GATS	General Agreement on Trade in Services
ALJ	Administrative Law Judge	GC	Office of the General Counsel
CIO	Chief Information Officer	GPRA	Government Performance and Results Act
CIT	U.S. Court of International Trade	GSA	General Services Administration
CMS	Content Management System	GSP	Generalized System of Preferences
Commerce	Department of Commerce	HTS	Harmonized Tariff Schedule of the United States
Commission	U.S. International Trade Commission	HTSA	Harmonized Tariff Schedule of the United States Annotated
CSRS	Civil Service Retirement System	Interior	Department of Interior
Customs	U.S. Customs and Border Protection	IT	Information Technology
CVD	Countervailing Duty	ITDS	International Trade Data System
DataWeb	Interactive Tariff and Trade DataWeb	MTBs	Miscellaneous Tariff Bills
EDIS	Electronic Document Imaging System	NAFTA	North American Free Trade Agreement
FAIR Act	Federal Activities Inventory Reform Act	NBC	National Business Center
FDI	Foreign Direct Investment	NIST	National Institute of Standards and Technology
Federal Circuit	U.S. Court of Appeals for the Federal Circuit	NSI	National Security Information
FERS	Federal Employees Retirement System	OIG	Office of Inspector General
FFS	Federal Financial System	OMB	Office of Management and Budget
FIPS	Federal Information Processing Standards	OPM	Office of Personnel Management
FISMA	Federal Information Security Management Act	USTR	United States Trade Representative
FPPS	Federal Payroll and Personnel System	WTO	World Trade Organization
FTA	Free Trade Agreement		

# Fiscal Year 2008 Budget Justification for the U.S. International Trade Commission

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## General Statement

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

## Mission

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

## Activities in Brief

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

The Commission has five major operations that serve its customers. The five operations include (1) Import Injury Investigations, (2) Intellectual Property–Based Import Investigations, (3) Industry and Economic Analysis, (4) Tariff and Trade Information Services, and (5) Trade Policy Support. Detailed goals and strategies for each operation are presented in the Fiscal Year 2007 and 2008 Performance Plans (see attached).

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



# Fiscal Year 2008 Budget Highlights

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For fiscal year (FY) 2008, the Commission requests \$67,100,000 to support its authorized operations. The FY 2008 request represents a 4.5 percent increase over the FY 2007 appropriation request of \$64,200,000. The increase is primarily due to required increases in salaries, benefits, and rent.

Salaries are projected to increase by 2.8 percent, or \$986,000, based on the projected Federal pay raise and normal promotions and within-grade increases. The Commission does not expect the on-board permanent staffing level to increase, although the soaring section 337 caseload requires an additional administrative law judge (ALJ) and several additional staff attorneys. These additions to on-board permanent staffing are expected to be offset by departures and retirements elsewhere. Benefits costs are projected to increase by 6.5 percent, or \$600,000, due to the Federal pay raise, increases in health care costs, and a continuing shift in retirement program costs from the Civil Service Retirement System (CSRS) to the Federal Employees Retirement System (FERS).

Rent is projected to increase by 14.9 percent, or \$935,000, due to increased charges imposed on the Commission by the General Services Administration (GSA) in its new 10-year lease. Notwithstanding these increases, GSA has informed the Commission that the new lease costs are well below comparable market rates in the immediate area. Service costs are projected to increase by 3.1 percent, or \$240,000. This increase is entirely due to the estimated \$900,000 minimum cost to replace the Commission's financial system. The current Department of Interior (Interior) financial system, of which the Commission is a subscriber, will be phased out by 2010 when it will no longer be supported. In FY 2008 the Commission plans to migrate to an upgraded system that is fully compliant with the Joint Financial Management Improvement Project and is supported by Interior. Notwithstanding this increase, service cost will still be lower than in FY 2006. Equipment costs are projected to increase by 49 percent, or \$359,000, entirely due to the estimated \$400,000 cost of implementing new remote access security enhancements required by the Office of Management and Budget (OMB) and the National Institute of Standards and Technology (NIST). Notwithstanding this increase, equipment costs will still be lower than in FY 2006.

The Commission's FY 2008 appropriation request consists of salaries (56.7 percent), benefits (14.7 percent), various administrative support services (12 percent), rent (10.7 percent), and other (5.9 percent). (See Dollar Cost: Comparison By Object Classification, p. 61.) These costs are predominantly recurring in nature and

provide a starting point for evaluating the Commission's annual expenditure plans. Reductions in these costs would require reductions in staffing, space, or support services.

## The Effect of a Hard Freeze in FY 2007

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The Commission has not yet received its FY 2007 appropriation. This lack of funding complicates formulation and presentation of the Commission's FY 2008 Appropriation Request. The FY 2008 Appropriation Request presumes that the Commission will receive its FY 2007 Appropriation Request. In its FY 2007 request, the Commission froze overall spending at FY 2006 levels. Thus, the Commission only requested an appropriation that would allow it to meet the level of funding that it had available in FY 2006. The Commission understands that Congress may decide to freeze all FY 2007 appropriations at the level of the FY 2006 appropriation (\$61,950,500). This is particularly problematic for the Commission since its available funds in FY 2006 were augmented by a significant surplus from the prior year.

The Commission's original FY 2006 request was \$65,278,000. As a result of personnel cost savings due to a significant increase in retirements, delayed recruitment and hiring resulting from the human capital planning process, and increased internal flexibility developed to meet title VII staffing requirements, the Commission built up a surplus of over \$2 million during FY 2005. The Commission notified Congress of the changes in workload and projected costs and the buildup of surplus funds in May 2005 and therefore requested a \$2,750,000 reduction in its FY 2006 appropriation. It is important to note that the Commission's funding requirements for FY 2006 did not change significantly. However, the Commission had over \$2 million to meet those requirements and only needed an appropriation of \$62,528,000 to fund a revised FY 2006 expenditure plan of \$64,500,000. This reduced appropriation request was approved by the Appropriations Committees. Subsequently, two across-the-board rescissions in the final omnibus appropriations bill reduced the net appropriation for FY 2006 to \$61,950,500. Nonetheless, the appropriations plus the actual surplus of \$2.2 million allowed the Commission to approve an expenditure plan of \$64,145,000 for FY 2006.

Unfortunately, the lower FY 2006 net appropriation of \$61,950,500 is now likely to form the basis of the Commission's FY 2007 appropriation if the current proposal for a hard freeze is approved. An expenditure plan of \$61,950,500 would not freeze the Commission's expenditure plan at the FY 2006 level, but would reduce the Commission's expenditure plan by over 3.4 percent. While the Commission's available funds may

be reduced by 3.4 percent, our recurring costs continue to rise, as noted above. The Commission cannot control pay raises, benefits cost increases, rent increases, necessary replacement of the outdated financial system, or the increased costs of security compliance mandated by statute or by OMB. The Commission can control discretionary costs by postponing or canceling new projects and initiatives, postponing or canceling enhancement of existing systems, delaying hiring for vacant staffing positions, and reducing travel and training. The Commission has already determined not to undertake new projects or enhancements of existing systems. The Commission expects that overall permanent staffing levels will not increase. Temporary staffing has been cut significantly. Travel and training has been frozen at FY 2006 expenditure levels. All of these measures have been taken to keep total spending at FY 2006 levels. An additional \$2 million reduction will severely impair the Commission's ability to accomplish its mission.

The only way for the Commission to absorb projected cost increases, totaling over \$2 million, while simultaneously absorbing a reduction in available funds of almost \$2 million, is to cut all other expenses drastically. This means that the Commission must cease implementation of important initiatives identified through a proactive strategic planning and budgeting process. With respect to human capital planning, the Commission's ability to prepare proactively for the succession of key staff, particularly ALJs, will be severely impaired by funding constraints. In addition, key positions across the agency may be vacant for extended periods of time due to retirement or attrition if funding is not sufficient to cover existing on-board staffing levels. Over the long-term, this could degrade the agency's depth of technical and analytical expertise across all of its operations and compromise the agency's ability to handle unanticipated workload surges.

With regard to nonpersonnel costs, rather than develop and implement a plan for scheduled maintenance and replacement of systems and equipment, the Commission will have to react to emergencies or system failures when they arise and accept the risks inherent in such an approach. Those risks include damage to systems and equipment, loss of information, disruption of Commission services to our customers, and compromising mission accomplishment. It is possible that the Commission could make it through the year without any of these risks being realized, but that merely postpones expenses to FY 2008 and increases the risks if additional funds are not available then.

## **Increases in Intellectual Property-Based Import Investigations Caseload Pose Significant Budget and Staffing Challenges for the Commission**

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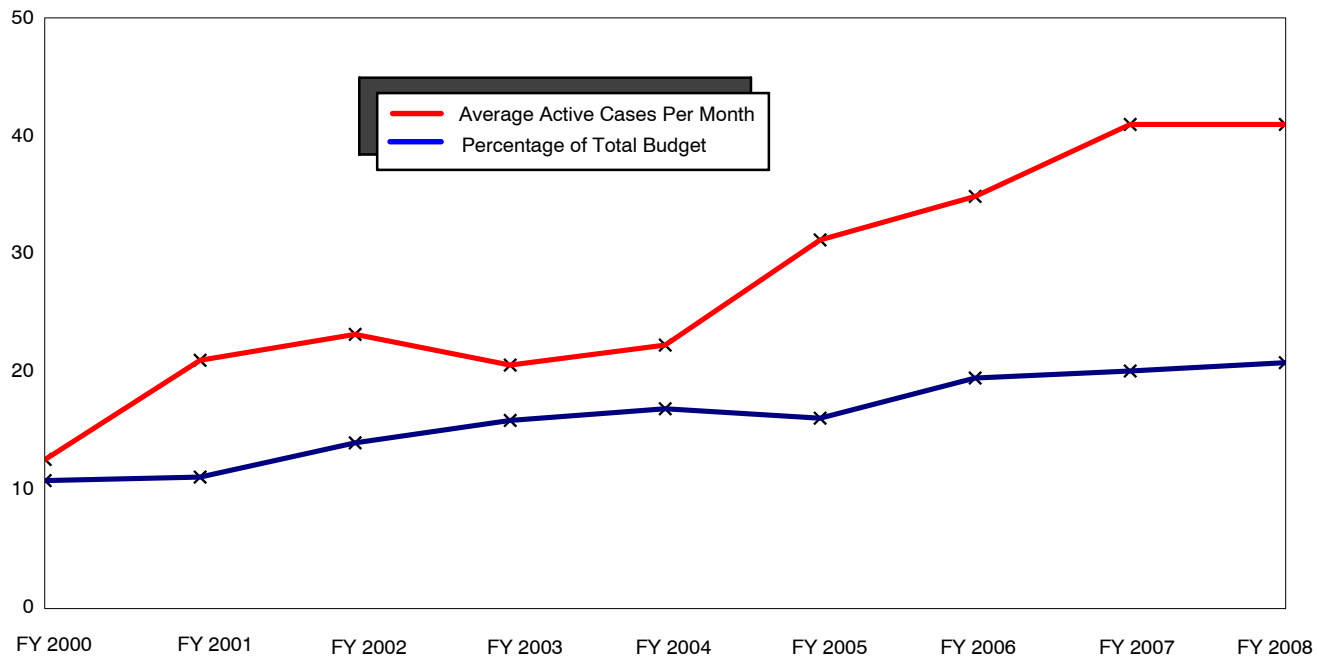
As noted above, the Commission is facing significant human capital problems due to potentially reduced funding. Of particular note, the Commission's Intellectual Property-Based Import Investigations caseload has exploded in recent years, more than tripling since FY 2000. There are many reasons for this increased level of investigative activity, but it is undeniable that intellectual property owners have chosen to bring an increased number of cases to the Commission. This increased interest from the private sector is attributable, in substantial part, to the level of expertise that the Commission possesses in its Office of the ALJ. Unlike ALJs at any other agency in the Federal government, the Commission's ALJs focus almost entirely on patent law issues and, over time, develop substantial expertise in patent litigation. In addition, the Commission's commitment to prompt resolution of patent cases, usually completing the entire administrative process within 12 to 18 months of the filing of the complaint, makes these proceedings very attractive to patent holders in areas of rapid technological change.

Unfortunately, the rapid increase in the caseload and the need to hire and retain ALJs with patent litigation experience or engineering backgrounds is putting a serious strain on the Commission. All four of the Commission's ALJs are retirement eligible and one has indicated the intent to retire during FY 2007. At the same time, the increased caseload led the Commission to add a fifth ALJ position this year. Thus, the Commission must hire at least two ALJs this year, as well as additional staff in the Office of the ALJ and other offices working in the intellectual property area. The Commission has made the adjustments in its staffing plan to allow for these increases, while keeping overall permanent staffing levels unchanged. However, the Commission has experienced great difficulty in obtaining qualified candidates for ALJ positions from the Office of Personnel Management (OPM). The inflexibility of this process suggests that the Commission may need statutory or regulatory relief from the constraints of the OPM system for recruiting and hiring ALJs.

To maintain its level of expertise the Commission needs adequate funding to fill ALJ and related staff positions. The following diagram demonstrates the increase in caseload and the percentage of resources that the Commission has committed to this mission-critical operation. While the intellectual property caseload has more than tripled since FY 2000, the share of the Commission's total resources allocated to this activity has not yet doubled. The Commission cannot reassign staff from other areas to work on patent litigation, but must

hire qualified patent attorneys. While the agency can make adjustments in its staffing plan to accomplish that, the Commission needs full funding of its appropriation request in order to accomplish the realignment in such a way that it does not impair the quality and efficiency of its other operations.

### ***Operation 2: Intellectual Property-Based Import Investigations Workload and Resource Allocation, Fiscal Years 2000-2008***



Source: Office of Unfair Import Investigations and Actual Costs derived from the Labor Cost Reporting System and Accounting System.

## Flexible Staffing Practices in Response to Variations in Commission Caseload

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The Commission's staffing needs are driven by the demands of its investigative workload. More than 80 percent of the Commission's annual costs are attributed directly or indirectly to investigative activity. Many of the staff are regularly assigned to projects in multiple operations. Where feasible, the Commission has adopted flexible staffing practices, cross training selected personnel whose skills and knowledge allow them to be reassigned when the statutory workload in one operation increases significantly. This is especially true with respect to Operation 1: Import Injury Investigations and Operation 3: Industry and Economic Analysis. In addition, some of the work in Operation 3 can be rescheduled if statutory caseload increases. This inherent flexibility in the caseload and the staff has allowed the Commission to meet the challenge of the sunset caseload cycle and other changes in the relative workload.

Overall activity levels are influenced by a five-year cycle with a variable caseload tied to transition sunset review requirements. The sunset provisions require a review of every outstanding antidumping (AD) and countervailing duty (CVD) order every five years as long as the order remains in effect. The requirement to conduct sunset reviews resulted in a permanent addition to Commission workload. Moreover, when the requirement for sunset reviews was first established, there were in excess of 300 orders more than five years old. These transition sunset orders had to be reviewed by the Commission between 1999 and 2001. The transition sunset orders that remained in effect as a result of the first round of reviews returned for the second round of reviews beginning late in FY 2004. The second round of transition reviews will end in FY 2007.

During the second round of transition sunset cases, the Commission experienced a 50 percent decline in new AD/CVD investigations. This decreased level of new filings coupled with temporary reassignment of some staff allowed the Commission to meet the increased sunset caseload without adding new staff. The decreased caseload in this area, coupled with the decision not to fill an increasing number of vacant positions until completion of the human capital planning process, allowed the Commission to generate the surplus that led to its reduced funding requirements in FY 2006. This decline in new AD/CVD caseload persists today. New filings are projected to remain below historical averages through FY 2008. The downturn in the transition sunset cycle during FY 2008 and the projected decreased level of new filings in FY 2007 and 2008 should allow the Commission to delay filling vacant positions in this particular area in order to fund the increases in

staffing necessitated in the intellectual property area. However, recent requests for investigations in Operation 3 and recently passed legislation that amended the African Growth and Opportunity Act (AGOA) by adding new investigative responsibilities for the Commission could put a significant strain on Commission staff as this new workload may offset much of the anticipated downturn in new AD/CVD investigations.

As noted previously, new filings of Intellectual Property-Based Import Investigations reached historic highs in FY 2006 and the number of active cases per month climbed steadily throughout the year. In the first quarter of FY 2007 there were more than 40 active investigations pending. Given the specialized nature of these investigations, internal reassignments could not meet this demand. Additional staff has been hired in the affected offices during the last few years. The continued sharp increase in filings will require additional staff in FY 2007 and 2008, including a fifth ALJ, several patent attorneys, and office support staff. These positions will be added without increasing the overall permanent staffing levels at the Commission, but may raise overall personnel costs because patent attorneys and ALJs are all at the highest end of the payscale.

# President's Management Agenda

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The Commission's Strategic Plan has provided the blueprint to the budget development process since FY 2000. The Strategic Plan served as a guide through two rounds of transition sunset reviews, when increased workload put a significant strain on resources. Currently, the Commission faces unprecedented increases in the filings of new Intellectual Property-Based Import Investigations. The Commission continues to use performance management principles to shape resource allocation to meet this new demand. In so doing, the Commission acts consistently with the Government Performance and Results Act (GPRA), the Information Technology Management Reform Act of 1996, the Federal Information Security Management Act of 2002 (FISMA), the Government Paperwork Elimination Act, the Federal Activities Inventory Reform Act (the FAIR Act), the Accountability of Tax Dollars Act of 2002, and other statutes, executive orders, and related OMB circulars, even when not expressly required to do so.

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



## Competitive Sourcing

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The Commission has successfully controlled its operating costs by maximizing the use of competitively awarded service contracts consistent with the Federal Acquisition Regulation, the FAIR Act, and OMB Circular A-76. The Commission competitively contracts for a wide variety of services, including information technology (IT) services, certain editing and publishing services, mailroom and general labor services, cleaning and building maintenance services, and security services. More than 10 percent of the regular on-site staff at the Commission consists of private sector contract employees. In addition, other services are acquired on an as-needed basis, such as virtually all equipment maintenance services, application systems design and development, and certain audit and financial services. Generally speaking, the Commission routinely addresses temporary requirements, such as IT project management and advisory services, through private sector competition. Permanent staff is devoted to core Commission investigative functions and recurring support activities where the cost of outsourcing is less competitive. In October 2006 the Commission placed the annual comprehensive list of commercial activities on its website, in compliance with the FAIR Act. The Commission continues to evaluate competitive alternatives and efficient service contracting options to maximize efficiency and minimize cost. Activities will be contracted out to the private sector when it is cost effective to do so. Similarly, activities will be conducted by government personnel when it is cost effective to do so.

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

## Improved Financial Performance

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The Chairman leads the Commission on administrative matters, including financial management and budget execution and development, but typically achieves consensus among all Commissioners before taking action. Through many years of nonpartisan collaborative effort, the Commission has established a record of prudent fiscal management and cost control. The Commission's appropriation requests always reflects the minimal increase required to maintain a continuing level of excellent service. When circumstances allow for a downward adjustment in the Commission's appropriation request, the Commission has promptly notified the Appropriations Committees.

The Commission strives to present an accurate request for necessary resources while minimizing its appropriation requests. Resources are reprogrammed and staff reassigned to meet changing requirements first, rather than increasing overall staffing levels. Cross training of employees to perform multiple functions is the first response in addressing changing workload needs.

In compliance with the Accountability of Tax Dollars Act of 2002, the Office of Finance produced financial statements with notes and a management discussion and analysis for FY 2006. For the third year in a row, an audit by the Office of Inspector General (OIG) resulted in an unqualified opinion on the statements and found no material financial management weaknesses.

The Commission has streamlined many administrative procedures and contained costs by reducing staffing levels, space requirements, and nonpersonnel costs in recent years. General administrative costs of the Office of Administration (human resources, facilities management, procurement, and budget and financial services) account for less than seven percent of total labor costs.

The Commission does not administer benefits and assistance payments programs and, thus, does not have any significant problems related to improper payments. Commission payments are tied to payroll and standard nonpersonnel costs such as space rental, travel, training, services, supplies, and equipment. Execution of the Commission's Expenditure Plan is closely monitored by Commission staff and senior managers, and payment procedures are regularly reviewed by the Office of Finance and the OIG.

## Budget and Performance Management Integration

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Since FY 2000, the Commission has successfully integrated budget formulation and execution with strategic planning. Budget formulation and execution activities are structured to permit the allocation of virtually all costs to the five operations set forth in the Strategic Plan. Specifically, because personnel costs are more than 70 percent of total costs, the Commission utilizes a labor cost reporting system to collect workyear and cost information, which are identified either as direct costs of the goals of the Strategic Plan or indirect support costs. All indirect costs are allocated to the Commission's five operations with the exception of the activities of the OIG. (These are reported as unallocated indirect costs.) (See Dollar Cost: Comparison by Operation, p. 68; Workyears: Comparison by Operation, p. 69; Budget Summary by Operation, p. 70; and Direct/Indirect Cost by Operation, p. 71.) The Commission also presents data according to budget object classification. (See Dollar Cost: Comparison by Object Classification, p. 61, and Analysis of Change: Obligations, Expenditure Plans, p. 64.)

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

In accordance with the GPRA, the Commission prepares an annual Performance Plan setting goals and strategies to help fulfill its mission. As part of the effort to integrate planning and budgeting, the sections of the FY 2008 Budget Justification covering the Commission's operations also address performance planning. Consistent with OMB guidance, the combined Budget Justification and Performance Plan form a Performance Budget. The Commission's Program Performance Report for FY 2006 was presented to Congress in the FY 2006 Performance and Accountability Report in accordance with OMB guidance and the Accountability of Tax Dollars Act of 2002.

## Expanded Electronic Government (e-Government)

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The Commission understands the benefits of implementing e-Government principles during the initiation phase of every major IT project. The Commission establishes the e-Government goals of the President's Management Agenda as a high level objective that is integrated throughout its IT lifecycle management framework and investment planning and review processes.

During FY 2006 the Commission continued its multi-year governance improvement plan, focused on ensuring that investments in information technology support the *IRM Strategic Plan*. In FY 2005 version 1.0 of the *USITC Modernization Blueprint* was completed. The Blueprint followed OMB-approved enterprise architecture approaches to develop as-is views of its business and technology architecture. Additionally, in FY 2006 a four-month pilot enterprise architecture repository and visualization project was completed that provided the Chief Information Officer (CIO) with additional information on alternatives for enhancing e-Government services within and between the Commission's lines of business. E-Government service improvements during FY 2006 included: (1) an upgrade to the Electronic Document Imaging System (EDIS) to make it the authoritative online reference for all Commission investigations; (2) an expansion of search capabilities for the agency's public website (*www.usitc.gov*); (3) enhanced security solutions for remote applications access; and (4) a move toward alignment with applicable OMB e-Government initiatives (e.g., e-Payroll, Electronic Human Resource Initiative, Human Resource Line of Business, e-Clearance, and Recruitment One-Stop).

During FY 2007 and 2008 the Commission will continue to develop its information portal by completing the integration of EDIS into the Enterprise Portal Project. In addition, improvements to the Commission's website will continue to be made that will allow for enhanced search capabilities and advanced information dissemination tools for the Commission's employees, its business partners, and the public. Moreover, the Commission will continue efforts to develop electronic data and information gathering methods.

# Strategic Human Capital Management

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The Commission has undertaken several initiatives in support of its overall human capital strategy. The Commission has developed a strategic plan, specific human capital strategic objectives, and an integrated set of initiatives needed to meet those objectives. The plan is being implemented through two distinct Phases.

The goal of Phase 1 was to conduct a complete Strategic Human Capital Management Plan that flowed directly from the strategic and business requirements faced by the Commission. The outcomes of Phase 1 include: (1) a description of the future mission and business environment faced by the Commission; (2) a summary of the human capital requirements necessary to succeed in that future environment; (3) a summary of projected changes in workforce assets; (4) a summary of critical gaps between future workforce requirements and projected workforce assets; (5) proposed human resource interventions for bridging gaps identified, with a plan of action for implementing each intervention; and (6) Occupation Guides for key occupations and staffing standards/staffing plans.

Phase 2 focuses on implementing the priority components of the Strategic Human Capital Management Plan. The outcomes of Phase 2 will include: (1) additional Occupation Guides for management support positions as well as leadership positions; (2) a management and leadership development program, including a 360 degree assessment component; (3) a new Performance Management system with associated training for managers and staff; (4) classification audits; (5) updated position descriptions and Human Resources Directives; and (6) initiation of the Electronic Official Personnel Folders project. Finally, the Commission is in the process of developing a business plan for its main library.

The purpose of the Strategic Human Capital Management Plan is to help the Commission understand future human capital issues it will likely face and to begin taking steps today to resolve those issues or to be prepared to better respond to them when they arise. The implementation of the phases referenced above will ensure that the objectives of key priorities described in the plan are successfully achieved.

# Fiscal Year 2008 Requested Appropriation Language for the U.S. International Trade Commission

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## Salaries and Expenses

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*“For necessary expenses of the U.S. International Trade Commission, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed \$2,500 for official reception and representation expenses, \$67,100,000 to remain available until expended.”*

# Operation 1: Import Injury Investigations

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

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

Virtually all of the Commission's import injury caseload in FY 2006 consisted of title VII investigations. New import injury investigations usually are initiated in response to a petition for relief filed on behalf of a domestic industry. Reviews of all outstanding AD/CVD orders are conducted every five years as long as the order remains in effect.

## Antidumping and Countervailing Duty Investigations (AD/CVD)

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In AD/CVD investigations, the Commission is required to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that are under investigation. The U.S.

Department of Commerce (Commerce) is required to determine whether imported merchandise is being sold in the United States at less than fair value (AD investigations), or whether a countervailable subsidy is being provided for the manufacture, production, or exportation of merchandise imported into the United States (CVD investigations).

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

New AD/CVD investigations declined by more than 50 percent in FY 2005-2006 compared to FY 2002-2004. The Commission projects a slight increase in new filings in FY 2007 and 2008. In FY 2006 the Commission instituted five preliminary and four final AD/CVD investigations and completed six preliminary and six final investigations. Most notable among the final investigations completed were orange juice from Brazil and lined paper school supplies from China, India, and Indonesia. Each of these cases involved more than \$100 million in subject imports.

The Commission projects a caseload of six preliminary and five final investigations instituted and six preliminary and three final investigations completed in FY 2007, and a caseload of eight preliminary and six final investigations, both instituted and completed, in FY 2008. (See Operation 1: Import Injury Investigations Caseload, p. 23.) The FY 2007 and 2008 estimates are lower than our historical average, and have been revised downward in response to the decline in new filings in FY 2005 and 2006.

The Commission charged 21.1 workyears of direct labor to new AD/CVD investigations in FY 2006, which accounted for approximately 25 percent of the 87.9 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office, p. 72.)



## Sunset Reviews

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

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

During FY 2006 the Commission instituted 20 sunset reviews. Two of these, however, were subsequently terminated after revocation by Commerce because of no domestic industry response. Of the remaining cases, the Commission determined to conduct 11 full reviews and 7 expedited reviews. The Commission completed 22 full reviews and 13 expedited reviews during the year. (See Operation 1: Import Injury Investigations Caseload, p. 23.)

Sunset reviews must be instituted five years after an AD/CVD order is issued or continued; consequently, the sunset caseload is known five years in advance. All of the reviews that will be instituted in FY 2007 (16) and FY 2008 (15) will be non-transition reviews; that is, reviews of orders issued after 1995. Because of the administrative procedures for sunset reviews, there is a three to six month time lag between institution and the beginning of full-scale Commission staff work on sunset cases. In planning resource allocations for sunset

reviews, the Commission assumes that the same type of review (expedited or full) will occur in the second round as occurred in the first round. For initial reviews, the Commission follows historic trends and assumes that multi-country reviews will receive full review and the remainder will be evenly split between expedited reviews and those that are terminated because of no domestic interest. Applying this estimation method to the scheduled reviews, the Commission anticipates institution of eight full reviews and six expedited reviews in FY 2007. In FY 2008 the Commission expects to institute seven full reviews and six expedited reviews. The Commission assumes that two reviews per year will be revoked due to lack of domestic interest. These reviews will cover 38 orders in FY 2007 and 20 orders in FY 2008. (See Operation 1: Import Injury Investigations Caseload, p. 23.)

The Commission charged 35.8 workyears of direct labor to sunset reviews in FY 2006, which accounted for approximately 40 percent of the 87.7 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office, p. 72.)

## Other Import Injury Investigations

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Other import injury investigations include safeguard investigations, changed circumstances reviews, remands with reopened records, and WTO consistency proceedings. Safeguard investigations are conducted pursuant to sections 202, 204, 406, 421, and 422 of the Trade Act of 1974 and statutory provisions in free trade agreements (e.g., sections 302 and 312 of the NAFTA Implementation Act). In section 204 investigations the Commission monitors industry adjustment efforts; reports to the President on the probable economic effect of the reduction, modification, termination, or extension of any relief that is in effect; and evaluates the effectiveness of any relief provided after its termination. In section 421 investigations the Commission determines whether increased imports from China cause market disruption to the U.S. industry. In changed circumstances reviews the Commission evaluates whether, in light of changed circumstances, material injury to a U.S. industry would likely continue, or recur, if the AD/CVD order under review is revoked. In remands with reopened records the Commission reopens the record of the investigation or review subject to the appeal to collect and analyze information responsive to a remand.

There have been no new global safeguard petitions filed under section 201 of the Trade Act of 1974 in the last five years. Similarly, in FY 2006 there were no new petitions filed under the China safeguard provision and the

Commission did not initiate any changed circumstances reviews. The Commission reopened the record in one remand in FY 2006 and anticipates receiving a limited number of remands involving reopened records in both FY 2007 and 2008. (See Operation 1: Import Injury Investigations Caseload, p. 23.)

## Litigation

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

In FY 2006, 17 new cases were filed in the CIT or the Federal Circuit involving challenges to either continued original investigations or sunset reviews. In addition, four new cases were filed challenging the full disbursement of Continued Dumping and Subsidy Offset Act funds to members of the domestic industry that supported the original petition. During FY 2006 GC filed 12 major briefs and six remand determinations. Also during FY 2006, GC represented the Commission in nine oral arguments in antidumping and countervailing duty cases before U.S. courts, NAFTA panels and the WTO. GC also assisted USTR in the preparation of a number of filings in various other WTO disputes concerning dumping and subsidization. As of September 30, 2006, 35 appeals involving Commission title VII determinations were pending at the CIT and the Federal Circuit, six disputes concerning Commission determinations were pending before NAFTA panels, and four disputes concerning Commission title VII determinations remain pending before the WTO.

The Commission charged 5.1 workyears of direct labor to import injury litigation before either domestic courts or international panels in FY 2006, which accounted for approximately six percent of the 87.7 direct workyears charged to all import injury investigations during that time. (See Workyears by Activity and Office, p. 72.)

## Resource Requirements and Workload for Import Injury Investigations

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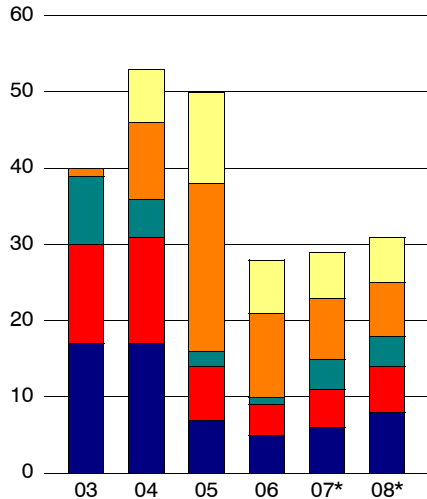
In the aggregate, Operation 1 utilized 34.9 percent of the Commission's resources in FY 2006 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$22.3 million (see Budget Summary by Operation, p. 70). In FY 2006 Operation 1 accounted for direct costs of \$12.3 million and 88 workyears. (See Operation 1: Import Injury Investigations Resource Requirements, p. 24.) In FY 2006 four offices together accounted for approximately 72.1 percent of the direct workyears. The Office of Investigations and the General Counsel contributed 24.9 and 15.2 workyears, respectively, while the Offices of Economics and Industries each contributed about 11.8 workyears to this operation. (See Direct Labor Cost: Workyears and Dollars, p. 75.)

During FY 2006 the Commission instituted 28 grouped import injury investigations, including sunset reviews, and completed 50. The Commission projects that 29 investigations will be instituted and 27 will be completed in FY 2007, and that 31 will be instituted and 33 will be completed in FY 2008. (See Summary of Import Injury Investigations, p. 23.) As of January 2007, there were 13 active import injury investigations pending at the Commission. (See Import Injury Investigations Active, p. 23.)

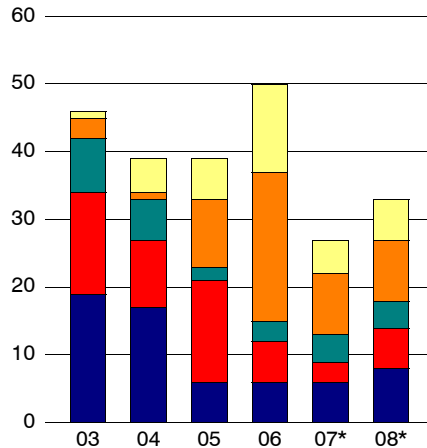
In its Fiscal Year 2007 and 2008 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting import injury investigations. The Commission regularly issues user surveys, soliciting feedback from the trade bar regarding process improvements. The Commission will seek to improve public access to information about its procedures, primarily through design and content enhancements to its website, and will ensure that procedures are fair and properly implemented and proceedings are completed on time. The Office of the CIO will continue to maintain and upgrade EDIS and work toward improving the performance of EDIS in terms of the speed with which documents are made available for viewing. During FY 2008, and subject to the availability of funding, the Commission plans to implement the next phase of the EDIS project and allow electronic access to confidential records subject to protective order.

# Operation 1: Import Injury Investigations Caseload

**Instituted, FY 2003-2008**



**Completed, FY 2003-2008**



\* Estimate

**Summary of Import Injury Investigations, FY 2003-2008**

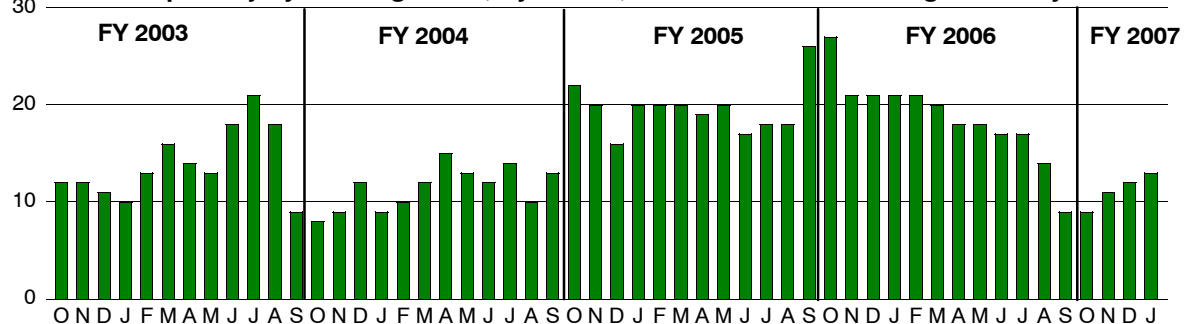
Type and status	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 actual	FY 2007 estimate	FY 2008 estimate
<b>Import Injury Investigations</b>						
<b>Instituted</b>						
Preliminary Title VII <sup>1</sup>	17	17	7	5	6	8
Final Title VII <sup>1</sup>	13	14	7	4	5	6
Other <sup>2</sup>	9	5	5	1	4	4
Full Sunset <sup>3</sup>	1	10	22	11	8	7
Expedited Sunset <sup>3</sup>	0	7	12	7	6	6
<b>Total</b>	<b>40</b>	<b>53</b>	<b>53</b>	<b>28</b>	<b>29</b>	<b>31</b>
<b>Completed</b>						
Preliminary Title VII <sup>1</sup>	19	17	6	6	6	8
Final Title VII <sup>1</sup>	15	10	15	6	3	6
Other <sup>2</sup>	8	5	4	3	4	4
Full Sunset	3	1	10	22	9	9
Expedited Sunset	1	6	6	13	5	6
<b>Total</b>	<b>46</b>	<b>39</b>	<b>41</b>	<b>50</b>	<b>27</b>	<b>33</b>

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

<sup>2</sup> Other includes section 201 Safeguard, section 204 Safeguard review, section 421 China Safeguard, remnants with reopened records, and other investigations.

<sup>3</sup> Does not include reviews that were terminated without Commission determination.

**Active\* Import Injury Investigations, by month, for October 2002 through January 2007**



\* Active as of the first of each month.

Source: Office of Investigations.

# Operation 1: Import Injury Investigations Resource Requirements, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Category of Obligation	FY2006 Actual		FY2007 Estimate		FY2008 Estimate		FY2007-08 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel Compensation	88	\$8,777	86	\$8,797	85	\$8,627	-1	\$-170
Personnel Benefits		2,269		2,321		2,341		20
Space Rental		1,212		1,370		1,561		191
Travel		60		61		61		0
<b>Subtotal</b>	<b>88</b>	<b>\$12,318</b>	<b>86</b>	<b>\$12,549</b>	<b>85</b>	<b>\$12,590</b>	<b>-1</b>	<b>\$41</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel Compensation	44	\$4,222	43	\$4,240	43	\$4,450	0	\$210
Personnel Benefits		825		835		860		25
Space Rental		543		647		743		96
Travel and Transportation		158		175		170		-5
Training		152		151		151		0
Other Services		3,142		2,607		2,707		100
Equipment and Communications		555		380		514		134
Supplies and Materials		266		261		251		-10
Land and Structures		92		62		31		-31
Printing, Reproduction, Postage		74		140		125		-15
<b>Subtotal</b>	<b>44</b>	<b>\$10,031</b>	<b>43</b>	<b>\$9,498</b>	<b>43</b>	<b>\$10,002</b>	<b>0</b>	<b>\$504</b>
<b>Grand Total</b>	<b>132</b>	<b>\$22,349</b>	<b>129</b>	<b>\$22,047</b>	<b>128</b>	<b>\$22,592</b>	<b>-1</b>	<b>\$545</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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

# Operation 2: Intellectual Property-Based Import Investigations

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

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

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

Section 337 investigations usually involve complex factual and legal determinations. The spectrum of products and intellectual property rights that have been the subject of section 337 investigations is extremely broad. Approximately half of the 70 active investigations in FY 2006 concerned products in high technology

areas, especially in the computer and telecommunications fields, such as baseband processor chips, wireless communication equipment, flash memory circuits and devices, and personal computers. Several other investigations involved products related to the automobile industry, such as motor and transmission systems used for hybrid vehicles, parts for the Ford F150 truck, and electric robots used to paint automobiles. Additionally, several investigations involved pharmaceuticals or medical devices, including compositions containing recombinant human erythropoietin, endoscopic probes, and dental adjustment appliances. Other section 337 investigations active during the year focused on a variety of consumer items, including foam footwear, laminated floor panels, ink sticks, male prophylactic devices, and nickel metal hydride batteries.

The Commission's section 337 caseload continued to rise quite significantly in FY 2006. Whereas there were 21 new investigations and ancillary proceedings instituted in FY 2003, there were 27 and 29 new investigations and ancillary proceedings instituted in FY 2004 and 2005 respectively. In 2006 the Commission instituted 40 new investigations and ancillary proceedings—28 percent more than in 2005. Overall, 70 section 337 investigations and ancillary proceedings were active during FY 2006, up from 57 in FY 2005. In FY 2006, 34 investigations were instituted on the basis of new complaints of violations of the statute, six new ancillary proceedings relating to prior investigations were active, and 30 investigations and ancillary proceedings that carried over from FY 2005 were active during the course of the year. This level of activity constitutes a 70 percent increase over the number of investigations and ancillary proceedings that were active in FY 2003. It is expected that the Commission's section 337 caseload will remain quite high in both FY 2007 and 2008. (See Operations 2: Intellectual Property-Based Investigations Caseload, p. 29.) As a result of this increased investigative caseload, appellate litigation is also expected to increase. Commission staff spent 37.1 workyears on intellectual property-based investigations and litigation in FY 2006. (See Workyears by Activity and Office, p. 72.)

## **Resource Requirements and Workload for Intellectual Property-Based Import Investigations**

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In the aggregate, Operation 2 utilized 19.5 percent of the Commission resources in FY 2006, (see Dollar Cost: Comparison by Operation, p. 68) amounting to \$12.5 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 2 accounted for \$6.7 million in FY 2006, with 49 workyears charged to it. (See



Intellectual Property-Based Import Investigations Resource Requirements, p. 30.) Offices charging direct workyears to this operation in FY 2006 included the Office of Unfair Import Investigations (16 workyears), the Office of the ALJs (13.5 workyears), and the Office of the GC (8.3 workyears). (See Direct Labor Cost: Workyears and Dollars, p. 75.)

In December 2006 there were 40 active section 337 proceedings pending at the Commission, a 33 percent increase over the number pending in December 2005. The Commission projects that approximately 35 new investigations and ancillary proceedings will be instituted in both FY 2007 and 2008. During FY 2006 the Commission completed 30 investigations and ancillary proceedings. The Commission projects the completion of approximately 32 investigations and ancillary proceedings in FY 2007 and 2008. (See Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, p. 29.) In FY 2006 the Commission charged 49.3 workyears to intellectual property-based investigations. (See Workyears by Activity and Office, p. 72.)

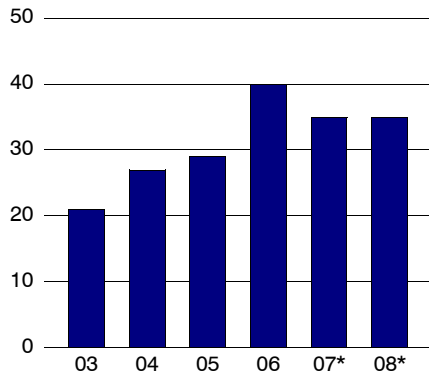
At the end of FY 2006, seven appeals of section 337 determinations were pending before the Federal Circuit. Sixteen other appeals were litigated to completion or voluntarily dismissed by appellants during FY 2006. The average number of pending appeals of section 337 determinations during FY 2006 dropped slightly but remained higher than historical levels, reflecting the increased investigative caseload that the Commission has experienced in the section 337 area in recent years. In FY 2006 the Commission charged 2.3 workyears to section 337 appellate litigation. (See Workyears by Activity and Office, p. 72.)

In its Fiscal Year 2007 and 2008 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting Intellectual Property-Based Import Investigations. The Commission will seek to complete proceedings expeditiously, increase the effectiveness of agency orders, and enhance the provision of information to the public about the section 337 process. The Commission will work to ensure that deadlines in section 337 proceedings are met and that such proceedings are completed as quickly as possible. The Commission will also seek to improve public access to information about its section 337 proceedings, primarily through design and content enhancements to its website. The Office of the CIO will continue to maintain and upgrade EDIS and work toward improving the performance of EDIS in terms of the speed with which documents are made available for viewing. During FY 2008, and subject to the availability of

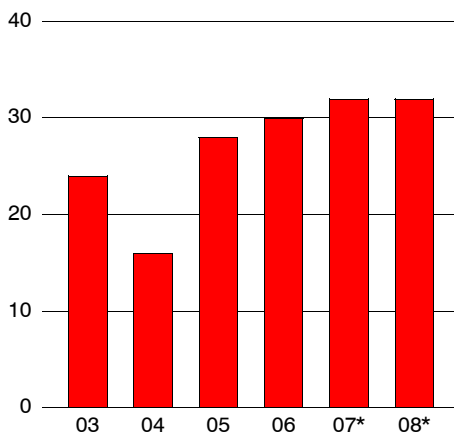
funding, the Commission plans to implement the next phase of the EDIS project and allow electronic access to confidential records subject to protective order. During FY 2006 the Commission's 337 enforcement working group began providing scheduling information relating to the issuance of exclusion orders to U.S. Customs and Border Protection (Customs) on a periodic basis. During FY 2007 members of the working group will be meeting at least semiannually with representatives from the Intellectual Property Rights Branch of Customs to discuss matters relating to exclusion order enforcement.

# Operation 2: Intellectual Property-Based Import Investigations Caseload

*Instituted, FY 2003-2008*



*Completed, FY 2003-2008*

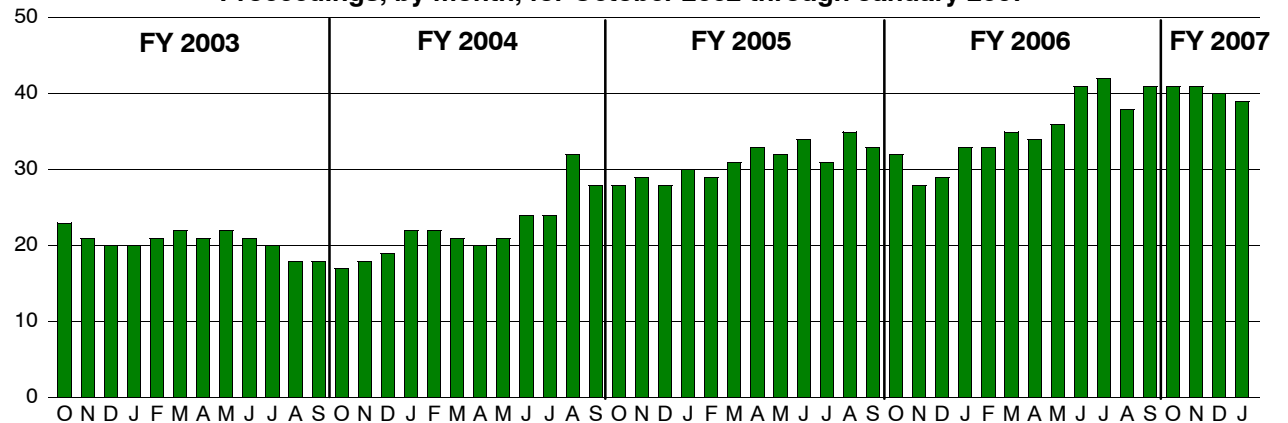


\* Estimate

**Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, FY 2003-2008**

Status	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 actual	FY 2007 estimate	FY 2008 estimate
Instituted .....	21	27	29	40	35	35
Completed .....	24	16	28	30	32	32

**Active\* Intellectual Property-Based Import Investigations and Ancillary Proceedings, by month, for October 2002 through January 2007**



\* Active as of the first of each month.

Source: Office of Unfair Import Investigations.

# Operation 2: Intellectual Property-Based Import Investigations Resource Requirements, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Category of Obligation	FY2006 Actual		FY2007 Estimate		FY2008 Estimate		FY2007-08 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel Compensation	49	\$4,568	53	\$4,967	55	\$5,313	2	\$346
Personnel Benefits		1,142		1,268		1,368		100
Space Rental		994		1,123		1,281		158
Travel		39		39		39		0
<b>Subtotal</b>	<b>49</b>	<b>\$6,743</b>	<b>53</b>	<b>\$7,397</b>	<b>55</b>	<b>\$8,001</b>	<b>2</b>	<b>\$604</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel Compensation	24	\$2,390	25	\$2,474	26	\$2,640	1	\$166
Personnel Benefits		412		430		547		117
Space Rental		445		536		618		82
Travel		72		80		78		-2
Training		79		79		79		0
Other Services		1,736		1,460		1,502		42
Equipment and Communications		322		222		299		77
Supplies and Materials		182		178		176		-2
Land and Structures		63		42		21		-21
Printing, Reproduction, Postage		50		95		85		-10
<b>Subtotal</b>	<b>24</b>	<b>\$5,751</b>	<b>25</b>	<b>\$5,596</b>	<b>26</b>	<b>\$6,045</b>	<b>1</b>	<b>\$449</b>
<b>Grand Total</b>	<b>73</b>	<b>\$12,494</b>	<b>78</b>	<b>\$12,993</b>	<b>81</b>	<b>\$14,046</b>	<b>3</b>	<b>\$1,053</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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

# Operation 3: Industry and Economic Analysis

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Industry and Economic Analysis supports trade negotiators and trade policy decisionmakers in the legislative and executive branches through objective and timely reports and analysis. By maintaining the highest level of industry, economic, and regional trade expertise, the Commission has become a recognized leader in independent research and analysis of international trade. The products of Commission efforts in this operation take two forms. In Statutory Investigations, the Commission responds to requests from the legislative and executive branches that are permitted or required under certain statutes. These requests result in official investigative reports that present Commission analysis and findings on the requested topic. The Commission's industry and economic experts also conduct other (non-statutory) research and analysis in areas of significant importance to the U.S. economy. These efforts are focused on developing staff expertise necessary to support statutory work in Operations 1, 3, and 4, as well as technical support provided under Operation 5. The work in this area often culminates in published staff papers and articles.

## Statutory Investigations

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Statutory investigations conducted by the Commission fall into three broad categories: (1) industry and economic analysis investigations regarding trade, tariff, and competitiveness issues; (2) reports to the USTR on sector-specific probable economic effects of proposed free trade agreements (FTAs) and other trade policy changes; and (3) reports to Congress and the President assessing the economywide and sectoral effects of signed FTAs. These investigations typically involve public hearings; written or telephone surveys of U.S. producers, importers, and consumers; domestic and foreign fieldwork; interviews with industry, government, and academic experts; extensive literature reviews; data compilation; and analysis. Investigations typically last three to 12 months, but can vary considerably outside that range as a result of the complexity or urgency of the subject matter pursuant to the request. Likewise, staffing can vary considerably, from a few to 50 or more team members consisting of trade analysts, economists, and attorneys. Commission staff charged 35.8 workyears to statutory investigations in FY 2006. (See Workyears by Activity and Office,

p. 72.) During 2006 the Commission completed 14 of these investigations and instituted 12 new investigations. (See Operation 3: Industry and Economic Analysis Caseload, p. 41.) The Commission produced 21 investigative reports during the year.

### ***Industry and Economic Analysis Investigations***

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

- examining specific foreign industries or countries for the purpose of identifying existing foreign tariff and non-tariff barriers, and compiling other background information to assist U.S. trade negotiators;
- monitoring and reporting on specific countries or regions with respect to economic and trade activities as specified by the requestor; and
- analyzing specific industries and products with respect to trade, market share, and other factors identified by the requestor. Industry assessments are prepared to analyze specific U.S. industries and provide information regarding the conditions of competition in U.S. and foreign markets, industry profiles, trade levels and trends, government policies affecting the industry, and strengths and weaknesses relative to foreign industry.

In addition, the Commission issues a report each year on the Operation of the Trade Agreements Program as required by section 163(c) of the Trade Act of 1974. See **The Year in Trade 2005: Operation of the Trade Agreements Program** (Pub. No. 3875; August 2006). Finally, if the President requests an extension of trade promotion authority, the Commission must submit to Congress a report that reviews and analyzes trade agreements negotiated under the current trade promotion authority as required by section 2103 of the Trade Act of 2002.

The Commission delivered reports on six other multi-year or recurring investigations in FY 2006 covering the following topics:

- Ethyl Alcohol for Fuel Use: Determination of the Base Quantity of Imports
- Recent Trends in Services Trade
- U.S. Trade Shifts in Selected Industries
- Monitoring of U.S. Imports of Tomatoes
- Monitoring of U.S. Imports of Peppers
- Andean Trade Preference Act: Effect on the U.S. Economy and on Andean Drug Crop Eradication and Crop Substitution

The Commission completed four nonrecurring industry and economic analysis investigations during FY 2006. Highlights of the four studies follow:

- **Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries**, Inv. No. 332-465 (Pub. No. 3848; March 2006). Multiple "short supply" analyses provided advice regarding the probable economic effect of granting duty-free treatment for apparel made from certain fabrics or yarns that are the subject of petitions filed in 2005 with the Committee for the Implementation of Textile Agreements. The petitions were filed by interested parties under the "commercial availability" provisions of the AGOA, the Caribbean Basin Trade Partnership Act, and the Andean Trade Promotion and Drug Eradication Act.
- **Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market**, Inv. No. 332-469 (Pub. No. 3863; July 2006). The report, as requested by Congress, assesses competitive conditions for fresh oranges and lemons, comparing factors such as production technology; access to capital, land, and labor; seasonality and productivity; government support and regulation; and production costs. Although no single factor or group of factors drive costs overall and international cost comparisons are complex, it appears that production costs for both fresh oranges and fresh lemons are relatively low in Argentina, Mexico, and Australia, and relatively high in the United States, Spain, and Chile.

- **Economywide Simulation Modeling: Technical Analysis of the Doha Round**, Inv. No. 332-468 (Confidential Report issued to USTR; August 2006). This national security information (NSI) study provided global and single-country U.S. economywide analysis of possible outcomes regarding the economic effects for the WTO Doha Round of trade negotiations.
- **Probable Effect of Proposed Definitions for Certain Baby Socks**, Inv. No. 332-475, (Pub. No. 3880; August 2006). Provided advice as to the probable effect of each of two proposed definitions for baby booties on U.S. imports from China, on total U.S. imports, and on domestic producers of the affected articles.



## ***Probable Economic Effect Investigations***

The Commission assesses the potential impact of proposed trade agreements on specific sectors of the economy and for specific line items in the HTS. These investigations are conducted primarily under the authority of: (1) section 131 of the Trade Act of 1974;(2) section 2104(b)(2) of the Trade Act of 2002; and (3) section 103 of the NAFTA Implementation Act.

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

As requested by USTR, the Commission completed two probable economic effects investigations assessing the potential impact of proposed FTAs during FY 2006:

- **U.S.-Korea Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-Free Treatment for Imports**, Inv. No. TA-131-032 and TA-2104-21 (Confidential Report issued to USTR; June 2006)
- **U.S. Malaysia Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-Free Treatment for Imports**, Inv. No. TA-131-033 and TA-2104-22 (Confidential Report issued to USTR; June 2006)

Under section 103, the Commission conducted two rules of origin investigations related to NAFTA. The investigations included:

- **NAFTA: Woven Cotton Boxer Shorts: Probable Effect of Modification of NAFTA Rules of Origin for Goods of Canada and Mexico**, Inv. No. NAFTA-103-13 (Pub. No. 3847; March 2006)
- **Probable Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin**, Inv. No. NAFTA-103-14 (Pub. No. 3881; August 2006)

## ***Assessments of Negotiated Trade Agreements***

The Commission assesses the likely economywide and selected sectoral impact of negotiated FTAs as mandated by section 2104(f) of the Trade Act of 2002. The Trade Act of 2002 requires the Commission to analyze the economywide effects of each trade agreement negotiated under Trade Promotion Authority. USTR is required to request the study at least 90 days prior to the signing of a trade agreement. The Commission is required to submit its report to the Congress and USTR no later than 90 days after signing. Hence, these reports are often referred to as “90-90” studies.

As required by the Trade Act of 2002, the Commission report assessed the likely impact of the FTAs on the U.S. economy as a whole, on specific sectors, and on U.S. consumers.

- **U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-19 (Pub. No. 3837; February 2006)
- **U.S.-Peru Free Trade Promotion Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-20 (Pub. No. 3855; June 2006).

In addition, the Commission’s investigation, **U.S.-Colombia Trade Promotion: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-023 (Pub. No. 3896; December 2006), was completed during the first quarter of FY 2007.

## Other Industry and Economic Analysis Activities

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Industry and Economic Analysis activities include producing an extensive array of staff publications on topical trade issues and delivering presentations to many government agencies and private groups. Commission industry analysts and research economists have expert knowledge of the U.S. and global economies and have a high level of industry, regional, and economic expertise, which is frequently called upon by trade policymakers in the executive and legislative branches for informal assistance and counsel. Staff publications and presentations are intended to keep the Commission and trade policymakers informed of the latest developments potentially affecting the United States in the international trade arena. Preparation of trade publications, formal presentations, and participation in supporting activities are essential to maintaining staff knowledge, skills, and abilities. In FY 2006 Commission staff charged 26 workyears to these activities, including five workyears on China related research, and two workyears on non-tariff measures research. (See Workyears by Activity and Office, p. 72.)

Staff publications include Industry and Trade Summaries, staff research papers, working papers, and research notes. Using these various reporting modes, staff produced 11 research articles and staff reports and gave 33 presentations during FY 2006. The Commission employs numerous analytical approaches including statistical, econometric, and simulation analyses, as well as survey methods, to analyze the effects of any changes in U.S. trade policies on the U.S. economy. During FY 2006 Commission staff charged eight workyears to activities related to developing and refining technical analytic models and data collections and analysis. These efforts contributed directly and indirectly to statutory studies such as, the Doha Environmental review and Import Restraints studies, and technical assistance for Congress on U.S. tariff preference schemes. The Commission occasionally uses contract resources to supplement in-house resources and keep its modeling capabilities and databases current. The Commission's analysts and economists maintain a very high level of knowledge in their respective portfolios by attending conferences and conducting field work to obtain information from primary sources.

Maintaining a robust research and monitoring capability and developing expertise in a variety of emerging trade areas ensures that the Commission is able to provide formal reports to Congress and USTR on relatively short notice, thereby meeting increasingly time sensitive demands of trade policymakers. For example, during FY 2005 and 2006, staff conducted significant independent research aimed at increasing the Commission's knowledge base with respect to China's trade, competitive, and policy environments (five

workyears). This knowledge will advance work during FY 2007 and 2008, as the Commission responds to Congress' request for three studies examining the factors driving growth in U.S.-China bilateral trade in recent years. The Commission will also provide an in-depth look at the incentives for foreign direct investment (FDI) flows into China and other Chinese government policies and their implications on U.S.-China trade flows. Other examples of the development of Commission expertise in new areas include staff work designed to illuminate the linkages between trade and labor in the United States, track sectoral and regional effects of trade policy changes, and quantify non-tariff measures affecting trade.

The expertise acquired by staff while working on these developmental studies is used extensively in support of Operations 1, 4, and 5, as well as for Commission reports generated in Operation 3. For example, Commission staff frequently are called upon to provide timely assistance to the legislative and executive branches in the form of staff-to-staff assistance. They also serve as in-house experts on the products subject to various import injury investigations conducted by the Commission.

## Workload Expectations in FY 2007 and 2008

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During the first quarter of FY 2007, the Commission received a request from Congress to examine the competitive conditions affecting U.S. chemical and biofuels industries that are developing and adopting new biotechnology processes and products. In addition, the Commission initiated work on a request from the House Committee on Ways and Means to conduct three China-related studies. The first study, due in October 2007, will analyze the principal trends and patterns in trade and FDI between Asia-Pacific countries and the United States and their implication for the U.S.-China trade relationship. The second study, due in April 2008, will examine the factors behind the rapid growth in U.S.-China trade. The third study, due in October 2008, will provide an in-depth examination of China's integration with the global economy through processing trade and FDI, and its implications for U.S.-China trade and investment. Other investigations scheduled to be completed during FY 2007 cover topics such as:

- analyzing the economic effects of significant U.S. import restraints;
- examining factors that affect trade patterns in selected Sub-Saharan African industries;
- assessing competitive conditions in the U.S. market for canned fruit;

- production estimates for selected textile and apparel products; and
- examining the competitive conditions affecting medical device and equipment trade.

In FY 2007 and 2008 the Commission anticipates additional investigations related to the assessment of FTAs with Panama, Thailand, Korea, and Malaysia, as well as a WTO negotiations-related request on providing duty-free quota-free access to imports from least developed countries. The Commission is aware of interest in other topics as well.

Beginning in 2007 and continuing through 2012, the Commission's workload will be affected by recently enacted amendments to the AGOA. The amendments require the Commission, in response to the filing of petitions by interested persons, to conduct investigations and make determinations regarding the commercial availability of textiles and apparel products. The Commission anticipates that at least some petitions will be filed and is in the process of establishing procedures for these investigations.

## **Resource Requirements and Workload for Industry and Economic Analysis**

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As discussed above, during FY 2006 the Commission completed 14 investigations and instituted 12 new investigations. The Commission projects institution of 17 new investigations in FY 2007 and FY 2008. (See Operation 3: Industry and Economic Analysis Investigations Caseload, p. 41.) To date, the Commission has received 12 requests during FY 2007 and is aware of an additional five pending requests. These investigations will come from scheduled WTO activity in services and other areas, recent emphasis on bilateral FTAs, and a continuing demand for industry specific investigations. Eighteen investigations were active during the first quarter of 2007 (including eight recurring investigations).

In the aggregate, Operation 3 utilized 31.9 percent of the Commission's resources in FY 2006 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$20.4 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 3 accounted for \$10.4 million in FY 2006, with 82 workyears charged to it. (See Industry and Economic Analysis Resource Requirements, p. 42.) The Office of Industries and the Office of Economics together accounted for 73 percent of the direct workyears charged to this operation in FY 2006, with 41.8 and 17.6 workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 75.) Studies

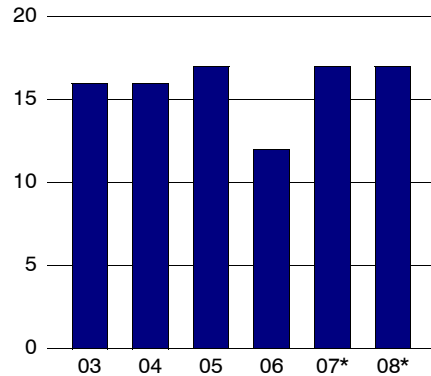
produced under Operation 3 are conducted primarily by industry analysts in the Office of Industries who specialize in areas such as agriculture and forest products, textiles, electronics, transportation, chemicals, minerals and metals, and services; and economists in the Office of Economics with regional or analytical specialties.

As reflected in its Fiscal Year 2007 and 2008 Performance Plans (see attached), the Commission's goal is to provide sound research products in an objective and timely manner that lead to more informed public debate, improved decisionmaking by trade policymakers, and better trade policies. In order to meet the expressed needs of our customers, Commission staff seek to (1) continue to conduct work on the analysis of productivity changes resulting from new manufacturing processes in certain industries; (2) conduct and implement model testing to monitor performance of Commission economic models; (3) conduct an assessment of the potential effects on the U.S. economy and specific industry sectors of a Doha Round Trade Agreement, depending on customer requests and negotiations progress; (4) conduct an analysis of indirect costs faced by U.S. industries on their international competitiveness and the impact of long-term sectoral investment flows; and (5) develop and use new tools and databases related to at least two sectors of trade negotiations. In addition, the Commission will continue to strengthen its China expertise through ongoing analysis of the country's trade and investment flows, impact in global markets, and progress in meeting international obligations.

# Operation 3: Industry and Economic Analysis

## Investigations Caseload<sup>1</sup>

**Instituted, FY 2003-2008**

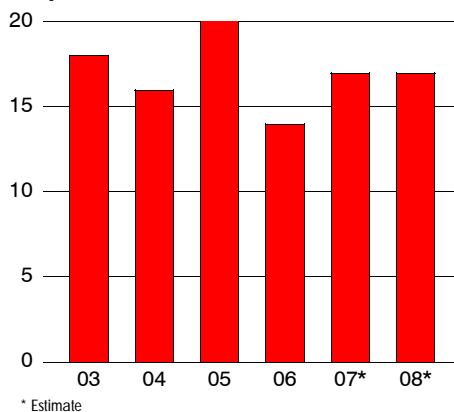


**Summary of Investigations by Fiscal Year**

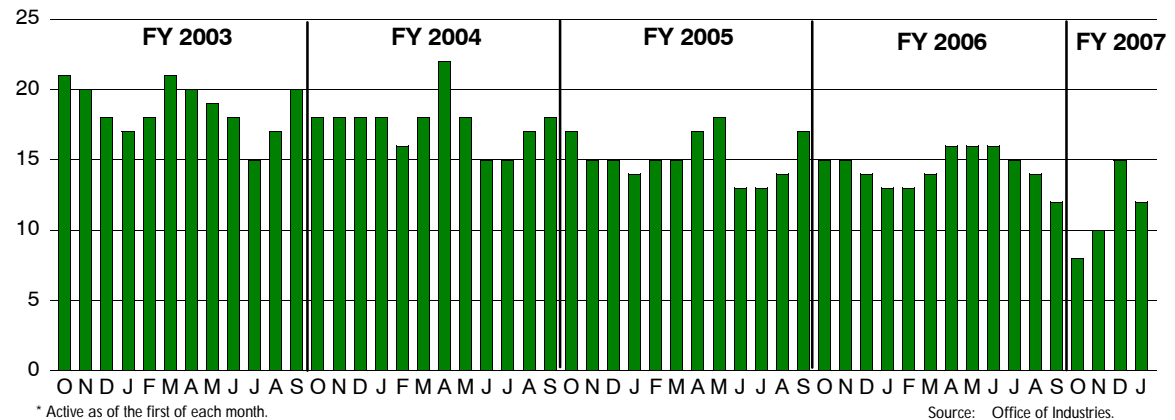
Status	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 actual	FY 2007 estimate	FY 2008 estimate
Instituted .....	16	16	17	12	17	17
Active <sup>1</sup> .....	37	34	36	26	37	37
Completed .....	18	16	21	14	17	17

<sup>1</sup> Two investigations were inactive during FY 2002 through 2003 and three during FY 2004 through January 2005.

**Completed, FY 2003-2008**



**Active\* Investigations, by month, for October 2002 through January 2007**



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

# Operation 3: Industry and Economic Analysis Resource Requirements, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Category of Obligation	FY2006 Actual		FY2007 Estimate		FY2008 Estimate		FY2007-08 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel Compensation	82	\$7,476	82	\$7,505	82	\$7,705	0	\$200
Personnel Benefits		1,769		2,035		2,104		69
Space Rental		1,129		1,276		1,454		178
Travel		63		64		64		0
<b>Subtotal</b>	<b>82</b>	<b>\$10,436</b>	<b>82</b>	<b>\$10,880</b>	<b>82</b>	<b>\$11,327</b>	<b>0</b>	<b>\$447</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel Compensation	44	\$4,220	44	\$4,240	44	\$4,400	0	\$160
Personnel Benefits		820		830		865		35
Space Rental		506		572		658		86
Travel and Transportation		107		118		115		-3
Training		158		160		160		0
Other Services		3,113		2,584		2,658		74
Equipment and Communications		563		386		520		134
Supplies and Materials		294		288		280		-8
Land and Structures		102		68		34		-34
Printing, Reproduction, Postage		82		154		136		-18
<b>Subtotal</b>	<b>44</b>	<b>\$9,966</b>	<b>44</b>	<b>\$9,400</b>	<b>44</b>	<b>\$9,826</b>	<b>0</b>	<b>\$426</b>
<b>Grand Total</b>	<b>126</b>	<b>\$20,402</b>	<b>126</b>	<b>\$20,280</b>	<b>126</b>	<b>\$21,153</b>	<b>0</b>	<b>\$873</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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



# Operation 4: Tariff and Trade Information Services

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Tariff and Trade Information Services include such activities as maintenance of the HTS, preparation of legislative reports for Congress, maintenance of the online interactive DataWeb, and management of Commission trade databases. Other tariff and trade information services requiring Commission resources include contributions to the development of the interagency International Trade Data System (ITDS); maintenance of U.S. commitments under Schedule XX of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO); maintenance of the electronic version of the U.S. Schedule of Services Commitments under the General Agreement on Trade in Services (GATS); preparation of the electronic database that supports U.S. submissions to the WTO Integrated Database; and related information gathering, processing, and dissemination activities.

## Maintenance of the Harmonized Tariff Schedule of the United States (HTS)

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

- publishing the HTS, issuing annual hardcopy and CD-ROM editions of the HTSA, and posting an electronic version on the Commission website in accordance with section 1207 of the Omnibus Trade and Competitiveness Act of 1988;
- fulfilling the Commission's responsibilities for statistical annotation of the HTS, in coordination with Customs and the Bureau of the Census, under section 484 of the Tariff Act of 1930;
- participating in the work of the Harmonized System Committee, its Review Subcommittee, and the Scientific Subcommittee of the World Customs Organization in maintaining the

international harmonized system of tariff nomenclature as directed by section 1210 of the 1988 Act (a Commission staff member leads the U.S. Delegation to the Review Subcommittee);

- preparing the list of U.S. commitments under Schedule XX of the GATT/WTO (i.e., U.S. tariff concessions with respect to trade in goods) in the appropriate legal language conforming to the international Harmonized System of tariff nomenclature.

When amendments or modifications to the HTSA are proclaimed or ordered by the President, enacted by the Congress, or adopted by the Committee for Statistical Annotation of the Tariff Schedule, they usually are incorporated into the online version of the HTSA within one or two working days. Immediate access to the up-to-date HTSA online has proven to be very useful to Commission staff, as well as to both Customs and the trade community in general. This utility is enhanced by the fact that the product is viewable and searchable and is available for downloading by individual HTSA chapter. During the year the Commission also publishes one or more hardcopy supplements to the HTSA to reflect any amendments arising during the calendar year. In 2006 a hard copy supplement, effective July 1, 2006, was issued primarily to reflect the annual Generalized Systems of Preference (GSP) review. A supplement for the 2007 edition of the HTS will be issued, effective July 1, 2007. The Commission also provides the HTSA in specialized formats for the HTS Reference Portal on the new Automated Commercial Environment (ACE) at Customs for direct use by the trade and government officials at the ports. The Commission is working to streamline the production of the HTS and enhance the internet display by testing new software products for this application. The Commission spent 5.3 workyears on the HTS and nomenclature activities in FY 2006. (See Workyears by Activity and Office, p. 72.)

## Legislative Reports

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The House Committee on Ways and Means and the Senate Committee on Finance regularly ask the Commission for comments on legislation, primarily reports on miscellaneous tariff bills (MTBs) that (1) provide tariff nomenclature and technical drafting assistance and (2) include revenue loss estimates for the Congressional Budget Office. The Commission staff routinely prepares such draft reports and information on MTBs in anticipation of Congressional consideration. The Commission spent 6.4 workyears providing advice

on more than 1,000 MTBs during the 109<sup>th</sup> Congress. (See Workyears by Activity and Office, p. 72.) The extent of resources devoted to this activity in FY 2008 will depend largely on the number of new MTBs introduced during the 110<sup>th</sup> Congress.

## Interactive Tariff and Trade DataWeb (DataWeb)

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

System use has grown substantially from its inception in April 1999, increasing from 319,000 data reports in FY 2000 to more than 955,000 data reports in FY 2006 (see Figure 1 below). The system now has over 110,000 registered users and has delivered over 5.2 million data reports electronically. Although use by the general public has shown the most growth, U.S. government staff uses the system extensively and account for 19 percent of the reports generated (see Figure 2 below). The continuation of this public service will ensure that governments, foreign government and international organizations, and the general public will have free access to U.S. trade data.

During FY 2006 the Commission completed a hardware and software upgrade in order to ensure rapid and accurate information retrievals for the growing number of government and public users. The Commission estimates the operational and maintenance costs for DataWeb and related trade data systems at \$520,000 and 2.5 workyears in both FY 2007 and 2008. Support and maintenance efforts for DataWeb are supplemented by contractors as part of the Commission's FAIR Act efforts.

Figure 1  
DataWeb Performance FY 2000-2006

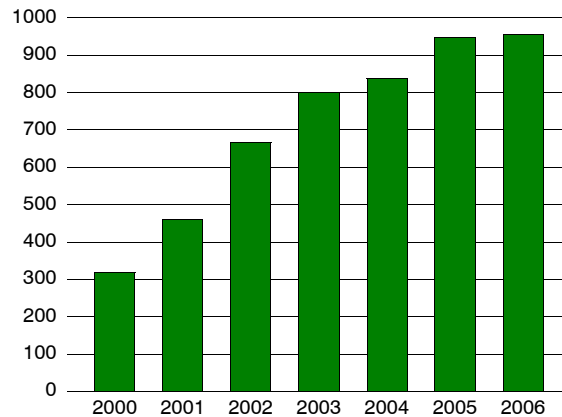
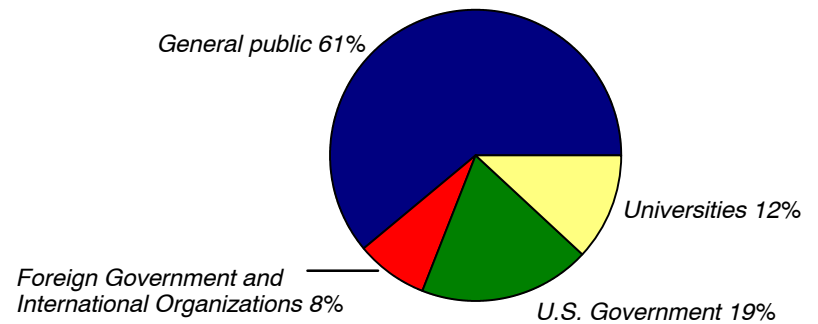


Figure 2  
DataWeb Reports Generated  
April 1999-November 2006



Source: Office of Operations

## International Trade Data System (ITDS)

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Commission staff participates in a multiagency initiative to develop a governmentwide system for the electronic collection, use, and dissemination of international trade and transportation data. ITDS will provide the means for harmonizing and consolidating all import and export data required for port clearance into a single data system, as well as data needed to support analyses of trade policy development and trade promotion by government agencies. In addition, as detailed in the SAFE Port Act of 2006, ITDS will provide the trading public with a “single window” for reporting foreign trade transactions to the U.S. government. The system is being developed in conjunction with the development of the new ACE at Customs. A Commission staff member chairs the data harmonization committee and serves as deputy on implementation issues for meeting ITDS objectives.

## Resource Requirements for Tariff and Trade Information Services

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In the aggregate, Operation 4 utilized 6.2 percent of the Commission's resources in FY 2006 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$3.9 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 4 accounted for \$2.1 million in FY 2006 with 16 workyears charged to it. (See Tariff and Trade Information Services Resource Requirements, p. 48.) Providing timely and accurate trade information services to Commission customers requires coordination and effort across Commission organization lines. Expertise is provided by nomenclature analysts and attorneys in the Office of Tariff Affairs and Trade Agreements; analysts in the Office of Industries; and various staff from the Offices of the CIO, the General Counsel, External Relations, and Operations. The Office of Tariff Affairs and Trade Agreements and the Office of Industries accounted for about 79 percent of the direct workyears charged to this operation in FY 2006 with 7.5 and 5.5 direct workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 75.)

# Operation 4: Tariff and Trade Information Services Resource Requirements, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Category of Obligation	FY2006 Actual		FY2007 Estimate		FY2008 Estimate		FY2007-08 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel Compensation	16	\$1,489	16	\$1,507	16	\$1,537	0	\$30
Personnel Benefits		373		430		450		20
Space Rental		228		258		304		46
Travel		13		13		13		0
<b>Subtotal</b>	<b>16</b>	<b>\$2,103</b>	<b>16</b>	<b>\$2,208</b>	<b>16</b>	<b>\$2,304</b>	<b>0</b>	<b>\$96</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel Compensation	7	\$750	7	\$760	7	\$775	0	15
Personnel Benefits		180		190		220		30
Space Rental		102		115		142		27
Travel and Transportation		22		24		23		-1
Training		29		30		30		0
Other Services		596		485		499		14
Equipment and Communications		110		77		103		26
Supplies and Materials		62		61		61		0
Land and Structures		21		14		7		-7
Printing, Reproduction, Postage		17		32		31		-1
<b>Subtotal</b>	<b>7</b>	<b>\$1,889</b>	<b>7</b>	<b>\$1,788</b>	<b>7</b>	<b>\$1,891</b>	<b>0</b>	<b>\$103</b>
<b>Grand Total</b>	<b>23</b>	<b>\$3,992</b>	<b>23</b>	<b>\$3,996</b>	<b>23</b>	<b>\$4,195</b>	<b>0</b>	<b>\$199</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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

# Operation 5: Trade Policy Support

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Trade Policy Support by the Commission provides trade policymakers in the legislative and executive branches with technical expertise, accurate information, and objective analysis on international trade and competitiveness issues. The Commission's capability to provide prompt trade policy support to legislative and executive branches has been developed largely through work in other operations, most notably Operation 3. Such support includes information and analysis on current issues, technical advice on draft legislation, informal briefings and meetings, and assistance to negotiating teams. The Commission also drafts Presidential proclamations, memoranda, and executive orders, as well as final decisions by various agencies, that modify the HTS to implement legislation or trade policy decisions by the Congress or the President. In addition, the Commission provides staff support for U.S. trade delegations in international negotiations and generally supports U.S. trade policy formulation.

For several years, the Commission has been actively engaged in efforts to improve its service to, and support for, policymakers as the number of requests for technical assistance has been growing. In FY 2006 alone the Commission provided expertise on 83 different subject areas. The Commission is providing increasingly complex analysis under this operation and is working to deliver more targeted responses to better support the deliberative process. Commission assistance has recently focused on providing industry and product specific information and support for bilateral and multilateral FTA negotiations and activities.

The Commission anticipates that its trade policy support in FY 2007 and 2008 will continue to provide product and industry specific information. Pending trade issues suggest that the Commission may also be responding to new areas of interest, such as potential conclusion of the Doha Round negotiations and expiration of Trade Promotion Authority. The Commission continues to try to anticipate policymakers' needs and develop expertise to meet anticipated requests for assistance. Requests are expected regarding the developing economies and trade policies of China, India, and new WTO applicants. Budgetary constraints may cause the Commission to re-examine the four or five full-time staff the Commission provides annually on non-reimbursable details.

## Resource Requirements for Trade Policy Support

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In the aggregate, Operation 5 utilized 6.3 percent of the Commission's resources in FY 2006 (see Dollar Cost: Comparison by Operation, p. 68), amounting to \$4 million (see Budget Summary by Operation, p. 70). In terms of direct costs, Operation 5 accounted for \$2.1 million in FY 2006, with 17 workyears charged to it. (See Operation 5: Trade Policy Support Resource Requirements, p. 51.) The Office of Industries and the Office of Tariff Affairs and Trade Agreements accounted for most of the direct workyears charged to this operation in FY 2006 with 6.7 and 2.7 direct workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 75.) As noted previously, this operation complements the Commission's overall support for trade policymakers and negotiators and leverages work undertaken in Operation 3.

As reflected in its Fiscal Year 2007 and 2008 Performance Plans (see attached), the Commission will attempt to enhance its performance in the provision of trade policy support. To accomplish this, the Commission set goals that relate to: (1) expanding the level and scope of support; (2) developing innovative methods to improve the quality, scope and timeliness of support; and (3) examining its methods of delivery.



# Operation 5: Trade Policy Support Resource Requirements, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Category of Obligation	FY2006 Actual		FY2007 Estimate		FY2008 Estimate		FY2007-08 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel Compensation	17	\$1,529	17	\$1,543	17	\$1,563	0	\$20
Personnel Benefits		382		420		440		20
Space Rental		225		254		299		45
Travel		13		13		13		0
<b>Subtotal</b>	<b>17</b>	<b>\$2,148</b>	<b>17</b>	<b>\$2,230</b>	<b>17</b>	<b>\$2,315</b>	<b>0</b>	<b>\$85</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel Compensation	9	825	9	\$835	9	\$855	0	\$20
Personnel Benefits		175		185		215		30
Space Rental		101		114		141		27
Travel and Transportation		22		24		23		-1
Training		31		30		30		0
Other Services		529		430		442		12
Equipment and Communications		102		70		94		24
Supplies and Materials		63		62		62		0
Land and Structures		22		15		8		-7
Printing, Reproduction, Postage		18		33		32		-1
<b>Subtotal</b>	<b>9</b>	<b>\$1,885</b>	<b>9</b>	<b>\$1,798</b>	<b>9</b>	<b>\$1,902</b>	<b>0</b>	<b>\$104</b>
<b>Grand Total</b>	<b>26</b>	<b>\$4,034</b>	<b>26</b>	<b>\$4,028</b>	<b>26</b>	<b>\$4,217</b>	<b>0</b>	<b>\$189</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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

# Information Technology (IT) Activities

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The Commission is an information intensive enterprise. Its core competency is the collection, analysis, dissemination and stewardship of data, information, knowledge, and processes that can be used in investigations, trade analysis, and other operations. IT applications and systems help the Commission continue to improve program performance in a cost-efficient manner and meet agency and customer needs in both the short- and long-term. The Commission plans investments in IT systems that will achieve goals defined in the Information Resource Management Strategic Plan. The Commission has four IT strategic goals: (1) improve data and information collection; (2) simplify access to information, products, and services; (3) protect and secure information assets; and (4) provide the workforce with IT skills and solutions. While potential cost savings are most desired and welcomed, improved delivery of quality service is the driving force behind the Commission's IT modernization program.

During FY 2007 and 2008 the Commission will continue to mirror the governmentwide vision for improved electronic services to citizens, businesses, and other stakeholders. The Commission strives to manage change and deliver cost-effective IT solutions, focus on incrementally and continuously improving the agency's technology infrastructure, and ensuring that Commission staff are trained and equipped with the IT tools needed to accomplish the agency's mission.

## Major Ongoing Information Technology Initiatives

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### *Information Security and Infrastructure Management*

The successful accomplishment of the Commission's mission depends on the secure availability of its information systems and the ability to process, store, and transmit mission critical information. In the face of the many threats to federal information resources, the confidentiality and the integrity of the data entrusted to

the Commission by its business partners and the public must be assured. The e-Government Act of 2002 (P.L. 107-347) sets forth the need for organizations to develop, document, and implement an agencywide program to provide security for the information systems that support its operations and assets. To achieve that result, the Commission has dedicated three information technology specialists to security program planning, monitoring, evaluating, and reporting.

Maintaining the confidentiality and integrity of the Commission's information resources, including its business proprietary information and NSI, is a top priority for the Commission. The Commission has addressed this requirement by establishing a comprehensive information security program that considers information security at the same level of importance and criticality as the functional agency requirements. With the revision of an existing Commission directive on security, the impending adoption of the Office of the CIO's Security Handbook, and the designation of a senior management official whose primary responsibility is to head an office with the mission and resources to assist in ensuring the Commission's enforcement of its security posture, information assurance and security are both achievable. The successful accomplishment of continued compliance with the FISMA and Executive Order 12958 governing the protection of NSI starts with the effective development, implementation, and maintenance of the Commission's information security and infrastructure program.

During FY 2007 and 2008 the Commission plans to refine its System Development Life Cycle methodology to include the NIST Risk Management Framework. The Commission will use a comprehensive approach to achieve the following in accordance with the President's Management Agenda:

- document a blueprint that focuses IT investments on mission critical functions and establish metrics to ensure measurable improvement;
- maintain quarterly Plans of Actions and Milestones that report to OMB progress on remediation of IT security weaknesses identified in OIG and Information Security Oversight Office audits and evaluations;
- ensure that 90 percent of the Commission's mission critical IT systems are properly secured, certified, and accredited in accordance with Federal Information Processing Standards (FIPS) 200;
- ensure that all IT systems installed and maintained operate in accordance with the Commission approved baseline security configurations; and

- maintain the Commission's systems of records notices for systems with Personally Identifiable Information and conduct Privacy Impact Assessments of applicable systems.

To implement the above control areas effectively as promulgated by FIPS 200, an increase in expenditures and resources is needed to match the Commission's commitment. The size of the Commission and its IT infrastructure does not lessen the Commission's commitment to adhering to federal requirements. The Commission currently provides basic network services including firewalls, intrusion detection, SPAM filters and up-to-date antivirus software. During FY 2006 and the first quarter of FY 2007, the Commission made significant additions to its IT infrastructure to provide a more secure and robust enterprise architecture. The addition of a new Intrusion Detection System, Network Access Control mechanism, and new firewall were among the new projects completed in FY 2006. With continued support from Congress and senior management's commitment, the Commission is poised to make great strides in achieving its information and infrastructure security goals and protecting its information assets from unauthorized access, disclosure, and misuse. However increased expenditures to meet security requirements will be difficult to sustain if the Commission's appropriation requests are not fully funded.

### ***Electronic Document Imaging System (EDIS)***

EDIS provides for the electronic filing of case documents and serves as the central repository for the Commission docket for all Commission investigations. The system facilitates a more efficient and effective way of collecting information and improves customer access to that information. The system's search and retrieval capabilities allow Commission staff and the public to retrieve necessary information faster and more easily. EDIS supports all investigative activity, particularly Import Injury Investigations and Intellectual Property-Based Import Investigations.

To date the EDIS project has fulfilled the Commission's initial goals of providing an electronic option for information exchange between the Commission and the public, and improving the usability and accessibility of the Commission docket by attorneys and other researchers. Over the past two fiscal years, the Commission has experienced mixed success in providing e-availability and real-time access to information and updates via the Internet for both internal and external users. However, providing for the electronic filing of documents via the Internet has not been embraced by the public and has not been nearly as successful as real-time access.

During FY 2007 and 2008 the Commission will focus on upgrading the EDIS system to support an effort to adopt a case management approach for improving document management services. Absent full funding of the Commission's appropriation request, enhancements and upgrades to EDIS will be postponed. EDIS continues to be the most mission critical component of the overall Enterprise Portal project, discussed below.

### ***The Enterprise Portal***

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

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

During FY 2006 the Commission moved forward with the next phase of the portal initiative by integrating several components of the EDIS functionality with the CMS, including delivery of Commission documents by electronic means and improved public search capabilities. Significant progress was made toward enhancing the ability to find important Commission work products. The objective of these efforts is a more secure and flexible system that improves the experience of both internal and external users, while also working toward the goal of reducing the complexity of the Commission's IT architecture. It is the Commission's goal to integrate platforms and applications that currently require a wide variety of hardware, software, and skill sets.

Significant CIO resources in FY 2007 will be dedicated to EDIS and its integration into the larger Enterprise Portal project. In FY 2008, in conjunction with the portal integration, improvements will continue to be made to

the search functions associated with the Commission's website. The Commission has five full-time equivalents assigned to the web team and provides about \$1 million annually in services and equipment to this effort. Continued improvements in the functionality of the Commission website are contingent on full funding of the Commission's appropriation request.

### ***Continuity of Operations (COOP) Planning***

Presidential Decision Directive 67 (PDD-67) requires all Federal agencies to establish and maintain a viable COOP capability that will ensure the continuation of essential business functions during an emergency or a situation that may disrupt normal operations. The Commission has had plans in place for IT contingencies and for immediate emergencies that require evacuation or shelter-in-place. During FY 2006 the Commission developed a draft COOP Plan which complements the other contingency plans by focusing on longer term emergencies when the Commission is unable to operate because its facility is unavailable to its employees and no near-term resumption of its operations seems feasible. The draft COOP Plan also provides guidance and information necessary to perform essential Commission functions. In early FY 2007 the Commission identified and acquired an alternate operating facility that will be used to support a relocation of essential functions and staff in the face of a natural disaster or other catastrophic event.

During FY 2007 and 2008 the Commission will finalize its draft COOP Plan and will engage in both table-top and physical testing of the plan. In FY 2007 the Commission will commit sufficient funding to allow for logistical and resource planning for its alternate operating facility to ensure that the facility has sufficient space, infrastructure requirements, and equipment to perform essential functions under various threat scenarios for a sustained period of time. During FY 2008 funding levels for COOP planning are expected to increase considerably, as the Commission plans extensive work in the build-out of the IT infrastructure for the alternate operating facility. Continued progress in this area is contingent on full funding of the Commission's appropriation request.

### ***Financial System Replacement***

The Commission's current financial management system consists of three major and independent components. The Department of the Interior's National Business Center supports the Federal Financial

System (FFS) and the Federal Payroll and Personnel System (FPPS). The procurement system, Prism, was acquired and is maintained separately from FFS and FPPS.

The primary functions of FFS are the obligation and disbursement of funds, allocation and tracking of funds, and the generation of financial reports. The use and maintenance of FFS require paper documentation and hand entry of each transaction. FFS costs for FY 2007 are expected to be \$400,000. FPPS, interfaces with FFS but is an independent system maintained by the National Business Center (NBC). Prism records procurement actions and contract history; however, it does not interface with FFS. The approximate cost of Prism is \$65,000 annually. This does not include any periodic hardware or software upgrades for the system.

NBC is phasing out support of FFS and is offering two new systems as options to client agencies. FFS will no longer be supported by NBC after 2010. Replacing FFS provides an opportunity to obtain a fully integrated financial management system, one that encompasses the initial steps of any transaction through final payout. A fully integrated system would include a procurement system, eliminate the paper transfer of information, provide direct electronic data entry of vendor transactions, and provide financial staff and cost center managers with real-time access to the status of funds and payments.

The cost of replacing FFS and Prism will be at least \$900,000. The Commission has deferred implementation of the new system to FY 2008 due to lack of funding. Implementation and migration in FY 2008 is contingent on full funding of the Commission's appropriation request.

# Indirect Costs

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

General administrative costs include the costs of the Office of Administration, and the subordinate offices of Finance, Facilities Management, and Human Resources. They also include administrative legal advice provided by the GC. General administrative costs are less than seven percent of total labor costs. (See Total Labor Cost/Workyears by Office, p. 76.)

The Office of Administration compiles the Commission's annual budget, prepares the appropriation and authorization requests, and closely monitors budget execution. The Commission's strategic budgeting approach encompasses all phases of the budget development process, including justifying requests for staff, services, and information technology through linkage to strategic goals. The format of the Budget Justification continues to parallel the Strategic Plan and addresses the annual Performance Plan. The Office of the Director of Administration is allocated five full-time permanent positions in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)

The Office of Finance provides professional financial services that ensure proper stewardship of the Commission's resources in carrying out its statutory responsibilities. These services include the operation of the accounting system (including payroll, obligations, disbursements, reporting, and travel). The Office of Finance has supporting liaison responsibilities with the Department of Treasury and other Federal agencies on financial matters. The Office of Finance prepared a complete set of financial statements for FY 2006 audited by an independent certified public accounting firm, as required by the Accountability of Tax Dollars Act of 2002. The statements received an unqualified opinion. No material weaknesses were identified in the Commission's stewardship of public resources. The Office of Finance is allocated five full-time permanent positions in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)



The Office of Facilities Management manages the Commission's physical plant, including building security, mail, maintenance and cleaning services; provides general office equipment and supplies for the Commission; and handles all Commission procurement matters. The Office of Facilities Management plans for FY 2007 and 2008 include interior renovations to accommodate expanded technology requirements, new organizational structures, improved physical security, and the continued replacement of building infrastructure and equipment. The Office of Facilities Management is allocated 11 full-time permanent positions in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)

The Office of Human Resources facilitates the Commission's recruitment, training, and human capital management efforts to align human resource practices more closely with the agency's strategic mission. Through a contractual agreement with OPM, the Office of Human Resources has obtained technical expertise in strategic workforce planning, training and development, and organizational development. In FY 2007 and 2008 the Commission will continue implementing the programs, processes, and strategies necessary to accomplish the goals and objectives outlined in the Strategic Human Capital Management Plan. The Office of Human Resources is allocated seven full-time permanent positions and one part-time temporary position in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)

The Office of Equal Employment Opportunity manages the Commission's affirmative action program and agencywide employee development initiatives and advises the Chairman and managers on all equal employment opportunity and related issues. In addition to managing the complaints and investigation process, during FY 2008 new software will be tested to fulfill the reporting requirements of the Equal Employment Opportunity Commission's Management Directive 715 and the No Fear Act. The Office of Equal Employment Opportunity will coordinate with the Office of Human Resources and the Office of the General Counsel to ensure accurate data in the reports. The Office of Equal Employment Opportunity continues to ensure that Commission programs fulfill the letter and intent of laws and regulations that affect hiring and retention of Federal employees. The Office of Equal Employment Opportunity is allocated one full-time permanent position and one part-time temporary position in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)

Unallocated costs are incurred by the Office of the Inspector General (OIG). The OIG provides audit, inspection, and investigative support services covering all Commission programs and operations. The objectives are to prevent and detect waste, fraud, and abuse, and to improve the economy and efficiency of Commission programs and operations. Activities are planned and conducted in response to requirements of law and regulations, requests from Congress and management officials, and allegations received from

employees and other sources. The current level of resources is necessary to continue ongoing activities and to maintain a minimum level of audit, inspection, and investigative services. The operations and accomplishments of OIG are described in semiannual reports submitted to Congress in November and May of each year. The OIG is allocated three and one half permanent positions and one part-time temporary position in the Commission's FY 2008 Staffing Plan. (See Commission Approved Staffing Plan, p. 74.)

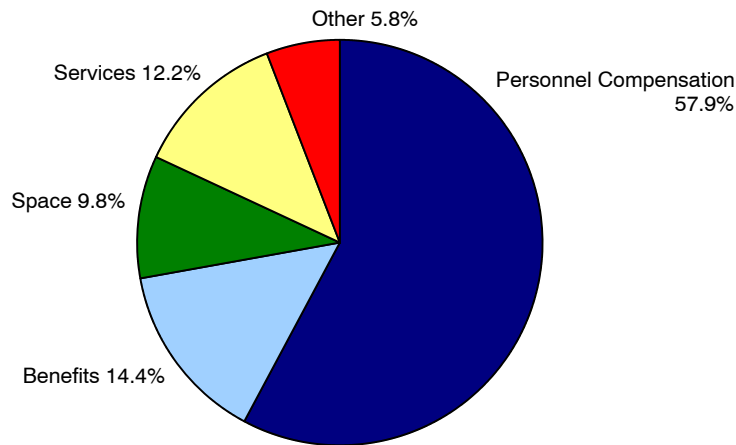
# Dollar Cost: Comparison by Object Classification, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

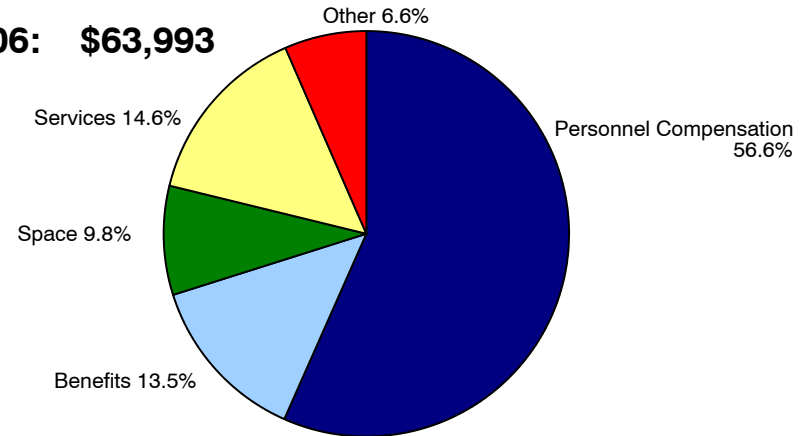
## Operations

- 1: Personnel Compensation
- 2: Benefits
- 3: Space
- 4: Services\*\*
- 5: Other\*\*\*

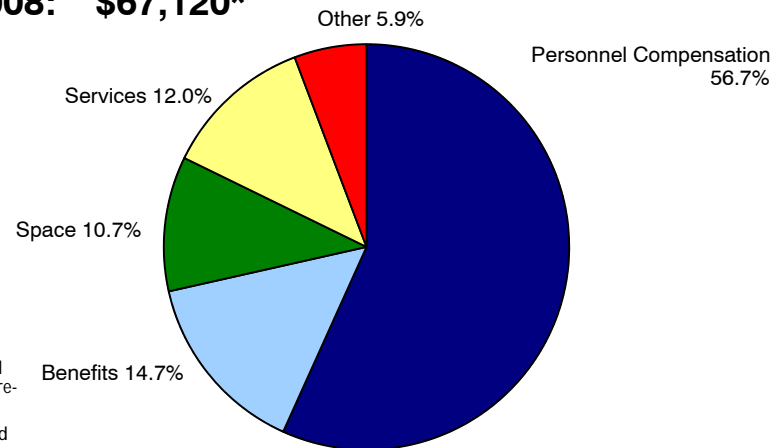
**FY 2007: \$64,200\***



**FY 2006: \$63,993**



**FY 2008: \$67,120\***



\* Estimated

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

\*\*\* Other includes travel, training, communications, transportation, postage, equipment rental, and structures, printing and reproduction supplies, and equipment.

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

# Budget Formulation by Object Classification Fiscal Years 2006, 2007, and 2008

(Dollar Amounts in Thousands)

Item	FY 2006* Actual Obligations	FY 2007 Expenditure Plan	FY 2008 Budget Request
<b>Personnel Compensation:</b>			
Permanent Employees	\$34,329	\$35,514	\$36,500
Temporary Employees	506	500	400
Term Appointments	311	350	250
Overtime	51	55	55
Awards	1,048	750	850
Benefits	8,642	9,250	9,850
<b>Total Personnel Compensation</b>	<b>\$44,887</b>	<b>\$46,419</b>	<b>\$47,905</b>
<b>Nonpersonnel:</b>			
<b>General:</b>			
Travel	\$569	\$575	\$575
Training	451	450	450
Communications	304	295	325
Transportation	9	35	25
Space Rental/Utilities	5,569	6,265	7,200
Postage/Contractual Mail	120	130	140
Equipment Rental	95	115	120
Land and Structures	300	200	100
Printing and Reproduction	242	325	270
<b>Subtotal</b>	<b>\$7,659</b>	<b>\$8,390</b>	<b>\$9,205</b>
<b>Agencywide Services:</b>			
Chief Information Officer	\$6,111	\$5,325	\$5,435
Facilities Management	1,430	1,300	1,350
Administration	1,493	915	1,000
Equal Employment Opportunity	50	25	20
Office of Inspector General	229	250	250
<b>Subtotal</b>	<b>\$9,312</b>	<b>\$7,815</b>	<b>\$8,055</b>
<b>Supplies and Maintenance:</b>			
Chief Information Officer	\$187	\$190	\$200
Facilities Management	148	140	130
Main Library	335	320	320
Law Library	198	200	200
<b>Subtotal</b>	<b>\$868</b>	<b>\$850</b>	<b>\$850</b>
<b>Equipment:</b>			
Chief Information Officer	\$837	\$391	\$750
Facilities Management	396	275	275
Main Library	35	50	50
Law Library	0	10	10
<b>Subtotal</b>	<b>\$1,268</b>	<b>\$726</b>	<b>\$1,085</b>
<b>Total Nonpersonnel</b>	<b>\$19,107</b>	<b>\$17,781</b>	<b>\$19,195</b>
<b>Total Budget</b>	<b>\$63,994</b>	<b>\$64,200</b>	<b>\$67,100</b>

\* Based on obligations from the FY 2006 appropriation.

Source: Accounting System

# Budget Requirements

(Dollar Amounts in Thousands)

Category of Obligation	FY 2006 Actual		FY 2007 Estimate		FY 2008 Estimate		FY 2007-08 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
Personnel	252	\$29,774	254	\$30,793	255	\$31,448	1	\$655
Nonpersonnel		3,973		4,471		5,089		618
<b>Subtotal</b>	<b>252</b>	<b>\$33,747</b>	<b>\$254</b>	<b>\$35,264</b>	<b>\$255</b>	<b>\$36,537</b>	<b>1</b>	<b>\$1,273</b>
<b>B. Indirect Costs<sup>2</sup></b>								
Personnel	131	\$14,819	132	\$15,019	133	\$15,827	1	\$808
Nonpersonnel		15,422		13,917		14,736		819
<b>Subtotal</b>	<b>131</b>	<b>\$30,241</b>	<b>\$132</b>	<b>\$28,936</b>	<b>\$133</b>	<b>\$30,563</b>	<b>1</b>	<b>\$1,627</b>
<b>Total Budget Requirements</b>	<b>383</b>	<b>\$63,993</b>	<b>\$386</b>	<b>\$64,200</b>	<b>388</b>	<b>\$67,100</b>	<b>2</b>	<b>\$2,900</b>

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

2 Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

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

# Analysis of Change: Obligations, Fiscal Year 2006; Expenditure Plans, Fiscal Years 2007 and 2008

(Dollar Amounts in Thousands)

Object Classification	FY 2006 Actual Obligations	FY 2007 Expenditure Plan	FY 2008 Budget Request	FY 2007-2008 Change	Percentage Change
<b>Personnel Compensation</b>					
Permanent Employees	\$34,329	\$35,514	\$36,500	\$986	2.8%
Temporary Employees	506	500	400	(100)	-20.0%
Term Appointments	311	350	250	(100)	-28.6%
Overtime	51	55	55	0	0.0%
Awards	1,048	750	850	100	13.3%
Net Personnel Compensation	36,245	37,169	38,055	886	2.4%
Personnel Benefits	8,642	9,250	9,850	600	6.5%
<b>NET PERSONNEL COSTS</b>	<b>\$44,887</b>	<b>\$46,419</b>	<b>\$47,905</b>	<b>\$1,486</b>	<b>3.2%</b>
<b>General Costs</b>					
Travel	\$569	\$575	\$575	\$0	0.0%
Training	451	450	450	0	0.0%
Communications	304	295	325	30	10.2%
Transportation	9	35	25	(10)	-28.6%
Space Rental/Utilities	5,569	6,265	7,200	935	14.9%
Postage	120	130	140	10	7.7%
Equipment/ Other Rental	95	115	120	5	4.3%
Land and Structures	300	200	100	(100)	-50.0%
Printing and Reproduction	242	325	270	(55)	-16.9%
<b>Net General Costs</b>	<b>\$7,659</b>	<b>\$8,390</b>	<b>\$9,205</b>	<b>\$815</b>	<b>9.7%</b>
<b>Services</b>					
Chief Information Officer	\$6,111	\$5,325	\$5,435	\$110	2.1%
Facilities Management	1,430	1,300	1,350	50	3.8%
Administration	1,493	915	1,000	85	9.3%
Equal Employment Officer	50	25	20	(5)	-20.0%
Office of Inspector General	229	250	250	0	0.0%
<b>Net Service Costs</b>	<b>\$9,312</b>	<b>\$7,815</b>	<b>\$8,055</b>	<b>\$240</b>	<b>3.1%</b>
Net Supplies Costs	\$868	\$850	\$850	\$0	0.0%
Net Equipment Costs	\$1,268	\$726	\$1,085	\$359	49.4%
<b>NET NONPERSONNEL COSTS</b>	<b>\$19,107</b>	<b>\$17,781</b>	<b>\$19,195</b>	<b>\$1,414</b>	<b>8.0%</b>
<b>Total Obligations</b>	<b>\$63,994</b>	<b>\$64,200</b>	<b>\$67,100</b>	<b>\$2,900</b>	<b>4.5%</b>

Source: Accounting System

# Summary of Increases/Decreases Presented in Analysis of Change (Fiscal Years 2007 and 2008)

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## Personnel Cost Change

*(Dollar Amounts in Thousands)*

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Permanent Salaries ..... +986

Salaries will increase by 2.8 percent because of the expected Federal pay raise in January 2008 and the normal cost of promotions and within-grade increases.

Temporary Employees ..... -100

Decrease due to reductions in temporary staffing.

Term Appointments ..... -100

Term appointments will diminish over time and will for the most part only provide for helpdesk staffing in FY 2008.

Awards ..... +100

Awards are expected to increase by a marginal amount following reductions in FY 2007, but will remain below FY 2006 levels.

Benefits ..... +600

Since retirement benefits are incurred as a percentage of salary, as salary costs increase, retirement benefits costs increase. In addition, benefits costs increase at a higher rate than compensation due to rising health insurance costs and the shifting demographics of the workforce. This shift results in an increased percentage of Commission employees covered by the FERS. Those benefits are almost triple the cost of CSRS benefits to the Commission.

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Net Personnel Cost Changes ..... +1,486

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## Nonpersonnel Cost Changes

*(Dollar Amounts in Thousands)*

Communications ..... +30

Communications will increase by ten percent due to increased rates and increased use of blackberry devices.

Transportation ..... -10

Transportation will decrease marginally.

Space Rental/Utilities ..... +935

A renewed ten year lease with the General Services Administration in August 2007 accounts for this 14.9 percent increase.

Land and Structures ..... -100

Renovation costs will decrease to the bare minimum for regular maintenance and repair. No significant projects funded.



Postage ..... +10

Marginal increase in postage charges.

Equipment/Other Rental ..... +5

Marginal increase in Docutech lease.

Printing and Reproduction ..... -55

Printing and Reproduction decreases anticipated due to increased use of electronic publishing for Federal Register notices.

Services ..... +240

Increase follows several years of reduced costs and is entirely due to \$900,000 estimate to implement financial system replacement. Notwithstanding this increase, FY 2008 service costs will be below FY 2006 levels.

Equipment ..... +359

Increase follows several years of reduced costs and is entirely attributable to \$400,000 cost estimate for mandated security requirements for external access to Commission resources. Notwithstanding this increase, FY 2008 equipment costs will be below FY 2006 levels.

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Net Nonpersonnel Cost Changes ..... +1,414

**Total Adjustment to Base ..... +2,900**

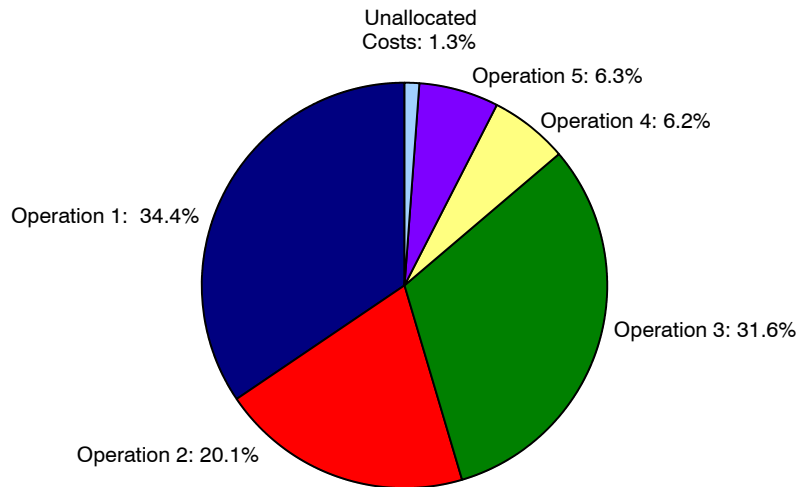
# Dollar Cost: Comparison by Operation, Fiscal Years 2006, 2007, 2008

(Dollar amounts in thousands)

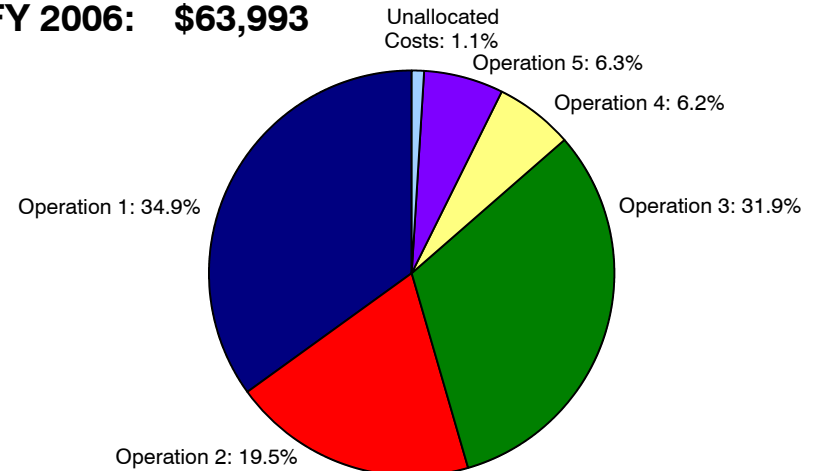
## Operations

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

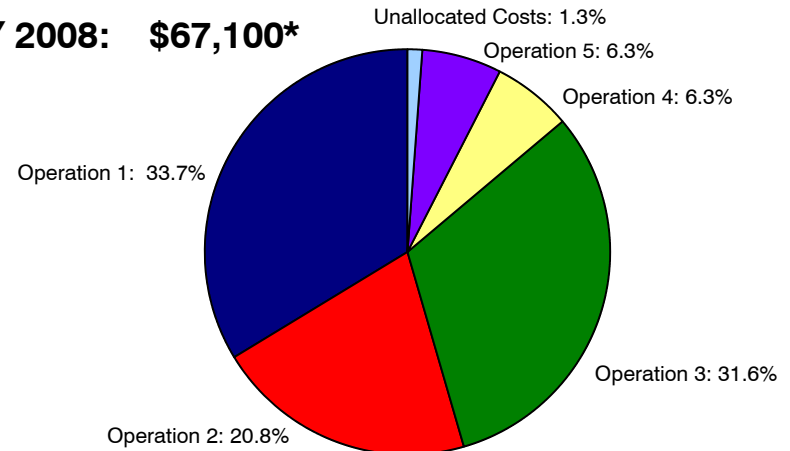
**FY 2007: \$64,200\***



**FY 2006: \$63,993**



**FY 2008: \$67,100\***



\* Estimates

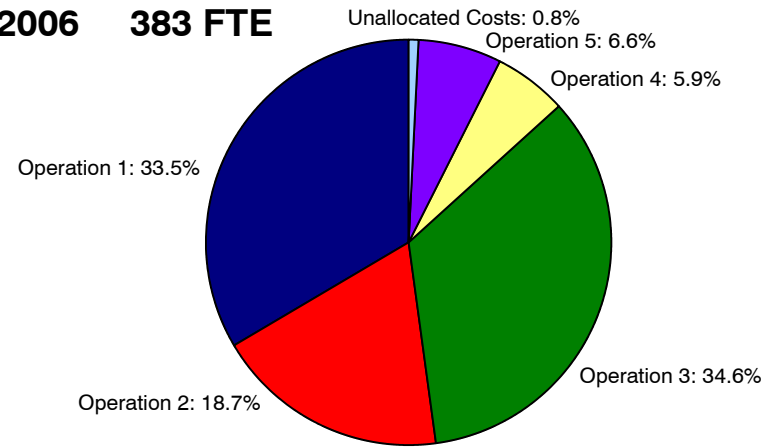
Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and Office Directors.

# Workyears: Comparison by Operation, Fiscal Years 2006, 2007, 2008

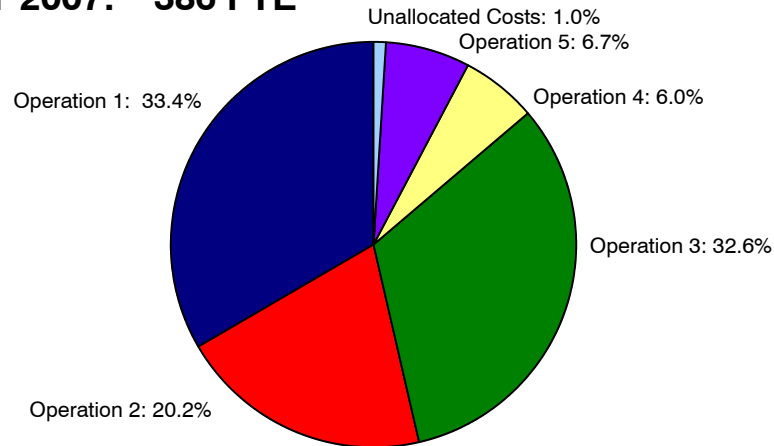
## Operations

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

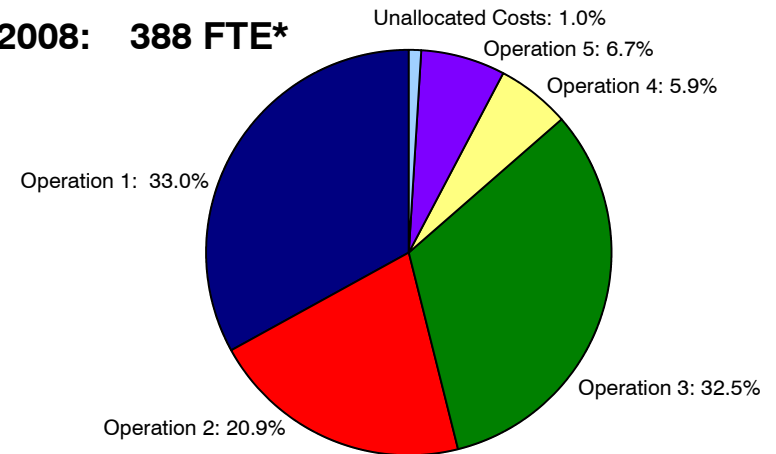
**FY 2006 383 FTE**



**FY 2007: 386 FTE\***



**FY 2008: 388 FTE\***



\* Estimated

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

# Budget Summary by Operation, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Operation	FY 2006 Actual		FY 2007 Estimate		FY 2008 Estimate		FY 2007-08 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
1: Import Injury Investigations	132	\$22,349	129	\$22,047	128	\$22,592	-1	\$ 545
2: Intellectual Property-Based Import Investigations	73	12,494	78	12,993	81	14,046	3	1,035
3: Industry and Economic Analysis	126	20,407	126	20,280	126	21,153	0	873
4: Tariff and Trade Information Services	23	3,992	23	3,994	23	4,195	0	201
5: Trade Policy Support	26	4,036	26	4,028	26	4,217	0	190
<b>Subtotal</b>	<b>380</b>	<b>\$63,276</b>	<b>382</b>	<b>\$63,342</b>	<b>384</b>	<b>\$66,203</b>	<b>2</b>	<b>\$ 2,864</b>
OIG Unallocated Costs	3	\$719	4	\$856	4	\$897	0	\$41
<b>Grand Total</b>	<b>383</b>	<b>\$63,995</b>	<b>386</b>	<b>\$64,200</b>	<b>388</b>	<b>\$67,100</b>	<b>2</b>	<b>\$2,900</b>

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

# Direct/Indirect Cost by Operation, Fiscal Years 2006, 2007, 2008

(Dollar Amounts in Thousands)

Operation	FY 2006 Actual		FY 2007 Estimate		FY 2008 Estimate		FY 2007-08 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>1</sup></b>								
1: Import Injury Investigations	88	\$12,318	86	\$12,549	85	\$12,590	-1	\$41
2: Intellectual Property-Based Import Investigations	49	6,743	53	7,397	55	8,001	2	604
3: Industry and Economic Analysis	82	10,436	82	10,880	82	11,327	0	447
4: Tariff and Trade Information Services	16	2,103	16	2,208	16	2,304	0	96
5: Trade Policy Support	17	2,148	17	2,230	17	2,315	0	85
<b>Subtotal</b>	<b>252</b>	<b>\$33,750</b>	<b>254</b>	<b>\$35,264</b>	<b>255</b>	<b>\$36,537</b>	<b>1</b>	<b>\$1,273</b>
<b>B. Indirect Costs<sup>2</sup></b>								
1: Import Injury Investigations	44	\$10,031	43	\$9,498	43	\$10,002	0	\$504
2: Intellectual Property-Based Import Investigations	24	5,751	25	5,596	26	6,045	1	449
3: Industry and Economic Analysis	44	9,966	44	9,400	44	9,826	0	426
4: Tariff and Trade Information Services	7	1,889	7	1,788	7	1,891	0	103
5: Trade Policy Support	9	1,885	9	1,798	9	1,902	0	104
OIG Unallocated Costs	3	719	4	856	4	897	0	41
<b>Subtotal</b>	<b>131</b>	<b>\$30,243</b>	<b>132</b>	<b>\$28,937</b>	<b>133</b>	<b>\$30,563</b>	<b>1</b>	<b>\$1,627</b>
<b>Grand Total</b>	<b>383</b>	<b>\$63,993</b>	<b>386</b>	<b>\$64,200</b>	<b>388</b>	<b>\$67,100</b>	<b>2</b>	<b>\$2,900</b>

<sup>1</sup> Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

<sup>2</sup> Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General (OIG) are not allocated to any of the five operations.

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

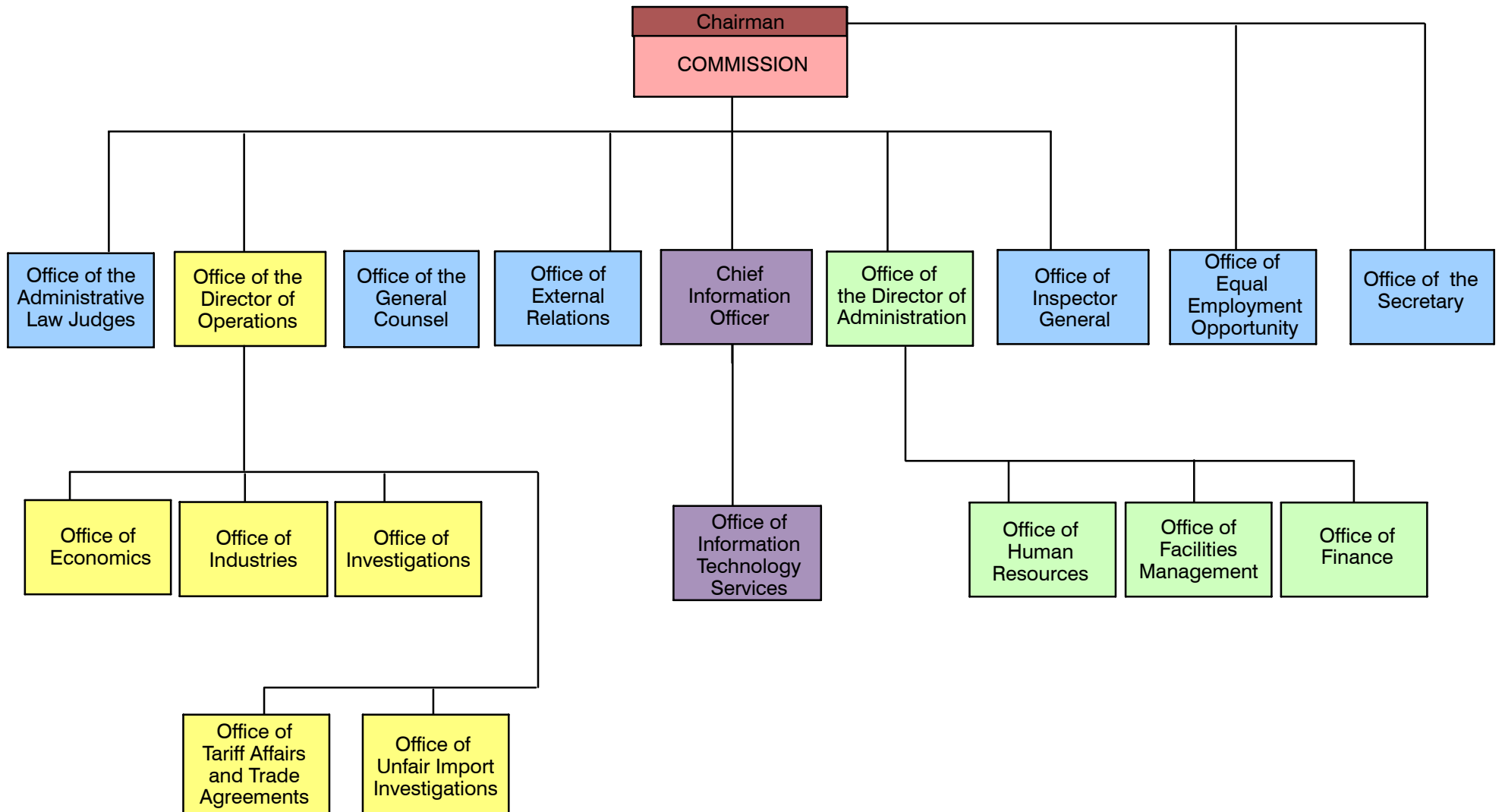
# Workyears by Activity and Office - Fiscal Year 2006<sup>1</sup>

Office/Division	COMM	ALJ	ER	SE	CIO	GC	IG	EEO	OP	EC	TATA	OINV	OUII	ID	AD	TOTALS
Operation 1-Import Injury Investigations	14.8		0.3	2.0	6.7	15.2	0.1			11.8	0.2	24.9	0.2	11.7		87.9
Title VII Investigations				2.0		3.1				4.6	0.1	6.2	0.2	4.9		21.1
Sunset Investigations			0.1			5.7				7.0		16.6		6.2		35.8
Other Investigations						0.2					0.1	0.1		0.2		0.6
Litigation						5.0								0.1		5.1
Operational Support			0.2		6.7	1.2				0.2		1.8		0.4		10.5
Executive Direction	14.8															14.8
Operation 2-Intellectual Property Investigations	3.6	13.5	0.3	0.4	7.3	8.3							16.0			49.3
Section 337 Investigations		13.5		0.4		5.7							15.2			34.8
Section 337 Litigation						2.3										2.3
Operational Support			0.2		7.3	0.3							0.8			8.6
Executive Direction	3.6															3.6
Operation 3-Industry and Economic Analysis	4.8		0.1	0.1	9.0	0.4			6.1	17.3	0.3	1.4		41.8	0.4	81.6
Statutory Investigations			0.1		0.3	0.3			0.7	9.4		1.2		23.5	0.3	35.8
Other Industry and Economic Analysis				0.1					0.9	7.7		0.2		17.0	0.1	26.0
Operational Support					8.7	0.1			4.5	0.1	0.3			1.4		15.1
Executive Direction	4.8															4.8
Operation 4-Trade Information Services	0.7			0.1	1.9	0			0.4		7.5	0.2		5.5		16.3
Harmonized Tariff System											5.0			0.3		5.3
Legislative Reports											1.7	0.1		4.6		6.4
Trade Database Management					0.7				0.4			0.1		0.4		1.6
Operational Support			0.1	1.2							0.8			0.2		2.3
Executive Direction	0.7															0.7
Operation 5-Trade Policy Support	0.5		1.6		1.5	1.5			0.4	1.3	2.7	0.5		6.7		16.7
Technical Assistance to Congress			0.9			0.3				0.1	0.4			1.6		3.3
Technical Assistance to Executive			0.7			0.7			0.1	0.4	2.1			1.6		5.6
Operational Support					1.5	0.5			0.3	0.8	0.2	0.5		3.5		7.3
Executive Direction	0.5															0.5
Administrative Overhead	1.1	2.3	3.0	4.3	7.0	12.0	0.4	1.4	2.1	15.2	3.0	9.2	4.7	27.3	30.6	128.5
Unallocated Activities							2.1				0.1			0.1	0.5	2.3
Grand Total	25.4	15.8	5.3	7.0	33.3	37.2	2.5	1.4	14.0	45.5	13.8	36.2	20.9	93.1	31.1	382.8

Source: Labor Cost Reporting System

<sup>1</sup> Totals may not add due to rounding.

# FY 2007 U.S. International Trade Commission Organization



# Commission Approved Staffing Plan, Fiscal Years 2006, 2007, and 2008

## Allocated Position:

Office	FY 2006				FY 2007				FY 2008			
	Perm.	Term(s)	Temp.	Total FTE	Perm.	Term(s)	Temp.	Total FTE	Perm.	Term(s)	Temp.	Total FTE
Commissioners' Offices	31.0			31.0	31.0			31.0	31.0			31.0
External Relations	5.0			5.0	5.0			5.0	5.0			5.0
Inspector General	4.0			4.0	4.0			4.0	4.0			4.0
General Counsel	42.0			42.0	42.0			42.0	42.0			42.0
Office of the Secretary	7.0			7.0	7.0			7.0	7.0			7.0
Administrative Law Judges	13.0	1.0	1.0	15.0	13.0	1.0		14.0	13.0	1.0		14.0
EEO	1.0		1.0	2.0	1.0		1.0	2.0	1.0		1.0	2.0
<b>Subtotal Independent Offices</b>	<b>103.0</b>	<b>1.0</b>	<b>2.0</b>	<b>106.0</b>	<b>103.0</b>	<b>1.0</b>	<b>1.0</b>	<b>105.0</b>	<b>103.0</b>	<b>1.0</b>	<b>1.0</b>	<b>105.0</b>
Operations, Director	15.0		1.0	16.0	15.0		1.0	16.0	15.0			15.0
Investigations	36.0			36.0	36.0	1.0		37.0	36.0			36.0
Unfair Import Investigations	19.0	1.0		20.0	19.0			19.0	19.0			19.0
Economics	45.0	2.0	1.0	48.0	45.0	2.0	1.0	48.0	45.0		1.0	46.0
Tariff Affairs	14.0			14.0	14.0			14.0	14.0			14.0
Industries	100.0			100.0	100.0			100.0	10			100.0
<b>Subtotal Operations</b>	<b>229.0</b>	<b>3.0</b>	<b>2.0</b>	<b>234.0</b>	<b>229.0</b>	<b>3.0</b>	<b>2.0</b>	<b>234.0</b>	<b>229.0</b>		<b>1.0</b>	<b>230.0</b>
Chief Information Officer	6.0			6.0	6.0			6.0	6.0			6.0
Information Technology Services	32.0	2.0		34.0	32.0	5.0		37.0	32.0	3.0		35.0
<b>Subtotal CIO</b>	<b>38.0</b>	<b>2.0</b>		<b>40.0</b>	<b>38.0</b>	<b>5.0</b>		<b>43.0</b>	<b>38.0</b>	<b>3.0</b>		<b>41.0</b>
Administration, Director	5.0			5.0	5.0			5.0	5.0			5.0
Finance	5.0			5.0	5.0			5.0	5.0			5.0
Human Resources	7.0		1.0	8.0	7.0		1.0	8.0	7.0		1.0	8.0
Facilities Management	11.0			11.0	11.0			11.0	11.0			11.0
<b>Subtotal Administration</b>	<b>28.0</b>		<b>1.0</b>	<b>29.0</b>	<b>28.0</b>		<b>1.0</b>	<b>29.0</b>	<b>28.0</b>		<b>1.0</b>	<b>29.0</b>
<b>COMMISSION TOTAL</b>	<b>398.0</b>	<b>6.0</b>	<b>5.0</b>	<b>409.0</b>	<b>398.0</b>	<b>9.0</b>	<b>4.0</b>	<b>411.0</b>	<b>398.0</b>	<b>4.0</b>	<b>3.0</b>	<b>405.0</b>



# Direct Labor Cost: Workyears and Dollars (Salaries and Benefits) by Office and Operation, FY 2006\*

(Dollar Amounts in Thousands)

	OP 1: Import Injury Investigations		OP 2: Intellectual Property-Based Import Investigations		OP 3: Industry and Economic Analysis		OP 4: Tariff and Trade Information Services		OP 5: Trade Policy Support	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
Commissioners	14.8	\$2,403	3.6	\$538	4.8	\$718	0.7	\$108	0.5	\$72
External Relations	0.3	44	0.2	40	0.1	14			1.6	266
General Counsel	15.2	2,534	8.3	1,123	0.4	52			1.5	233
Administrative Law Judges			13.5	1,528						
Office of the Director of Operations		1			6.1	504	0.4	51	0.4	71
Investigations	24.9	2,958			1.4	133	0.2	25	0.5	72
Unfair Import Investigations	0.2	27	16.0	2,132		1				2
Economics	11.8	1,469			17.6	2,147		4	1.3	212
Tariff Affairs and Trade Agreements	0.2	20			0.3	33	7.5	897	2.7	249
Industries	11.8	1,329			41.8	5,581	5.5	681	6.7	730
Secretary	2.0	186	0.4	44	0.1	8	0.1	7		1
Chief Information Office	6.7	75	7.3	305	9.0	57	1.9	89	1.5	3
<b>Grand Total</b>	<b>87.9</b>	<b>\$11,046</b>	<b>49.3</b>	<b>\$5,710</b>	<b>81.6</b>	<b>\$9,245</b>	<b>16.3</b>	<b>\$1,862</b>	<b>16.7</b>	<b>\$1,911</b>

\* Covers only those offices where time is charged directly to specific operations.

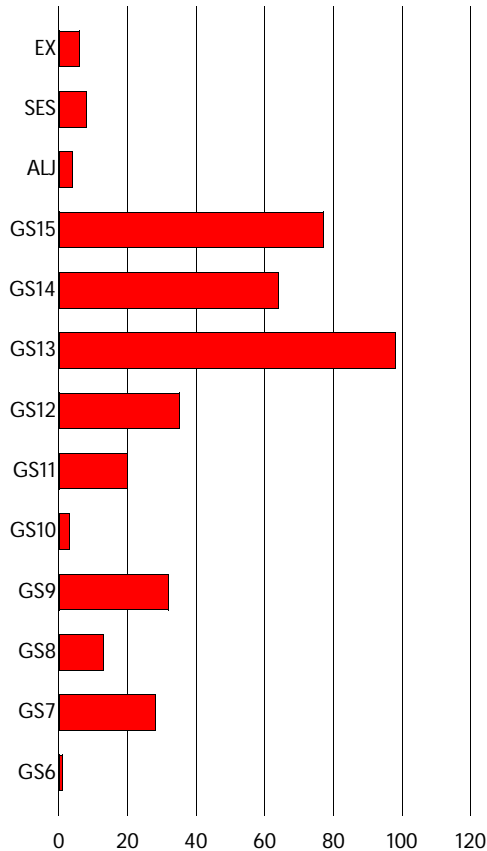
Source: Labor Cost Reporting System

# Total Labor Cost/Workyears by Office, Fiscal Year 2006

(Dollar Amounts in Thousands)

## FTE on Board by Grade

(as of 9/30/06)



Office	Commission Total FTE Staffing Plan <sup>1</sup>	FY 2006 Actual		
		Workyears	Salaries and Benefits <sup>2</sup>	Average Cost Salaries and Benefits
Commissioners' Offices	31.0	25.4	\$3,738.0	\$147.1
External Relations	5.0	5.4	722.6	135.2
Inspector General	4.0	2.1	292.5	137.3
General Counsel	42.0	39.2	5,69	145.2
Secretary	7.0	7.0	667.3	95.5
Administrative Law Judges	15.0	15.9	1,799.6	113.3
Equal Opportunity Employment	2.0	1.5	169.6	112.0
Operations, Director	16.0	14.2	1,470.4	103.6
Investigations	36.0	35.7	4,101.1	114.8
Unfair Import Investigations	20.0	21.0	2,952.7	140.4
Economics	48.0	45.8	5,501.3	120.2
Tariff Affairs and Trade Agreements	14.0	13.7	1,578.2	115.3
Industries	100.0	93.2	10,209.5	109.6
Chief Information Officer	40.0	30.8	3,014.4	98.0
Administration	29.0	32.4	2,980.2	113.3
<b>COMMISSION TOTAL</b>	<b>409.0</b>	<b>383.0</b>	<b>\$44,887.3</b>	<b>\$119.1</b>

<sup>1</sup> Commission Total FTE Staffing Plan includes permanent, term and temporary positions, but not summer program that consists of approximately 8.5 fulltime equivalents.

<sup>2</sup> Salaries and Benefits total does not include workers' compensation or commuter subsidy costs.

# United States International Trade Commission Fiscal Year 2007 and 2008 Performance Plans

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The following presents the elements of the Commission's final Performance Plan for fiscal year (FY) 2007 and the initial Plan for FY 2008 that are not addressed in the body of the agency's Budget Justification. The Commission's performance planning is carried out in accordance with the provisions of the Government Performance and Results Act (GPRA or Results Act). The Plans are based on the sixth edition of the agency's Strategic Plan, which was issued in September 2006.

## Mission statement

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

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

## Strategic Goal

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

Operation No. 1: Import injury investigations

Operation No. 2: Intellectual property–related import investigations

Operation No. 3: Industry and economic analysis

Operation No. 4: Tariff and trade information services

Operation No. 5: Trade policy support

## Introduction

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The Commission has one program activity set forth in the Budget of the United States, but has, for the purposes of its Strategic Plan and these Performance Plans, divided the agency's functions into five Operations. The Performance Plans establish goals to define the level of performance to be achieved by each Operation in FY 2007 and 2008. As encouraged by the Results Act, the Commission has sought to express those performance goals in an objective, quantifiable, and measurable form. To the extent practicable, the Commission has established outcome-oriented goals. Output-oriented goals appear in the Plans only if they constitute appropriate and significant measures of performance. The Performance Plans reproduce the general goals that are set out in the Commission's Strategic Plan, as revised, and establish FY 2007 and 2008 performance goals corresponding to each general goal.

The Performance Plans also set out for each performance goal one or more performance indicators that the Commission will use in measuring the relevant outputs and outcomes of each Operation and that provide a basis for comparing actual program results with the performance goals. Consistent with the E-Government Act of 2002, the Plans include performance measures that demonstrate how electronic government enables progress toward agency objectives, goals, and mandates. The Plan also discusses the agency's performance during FY 2003, 2004, 2005, and 2006. The Budget Justification describes, with respect to each Operation, the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals.

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

The Commission made progress in FY 2003, 2004, 2005, and 2006 toward the achievement of the goals set out in the Performance Plans for those periods. The Operation Coordinators developed a variety of customer surveys and logs to measure the agency's success at meeting those goals. The Commission issued an FY 2006 Performance and Accountability Report in November 2006.

## The Strategic Plan

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

## *Guide to abbreviations used in the Plans*

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

# OPERATION NO. 1: Import Injury Investigations

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In FY 2007 and 2008, the Commission will seek to improve its performance in conducting import injury investigations by improving public access to information about the process, ensuring its procedures are fair and properly implemented, and completing proceedings on time. To those ends, the Commission plans to update informational materials and, as appropriate, develop new ones, seek feedback from participants and promptly provide them with investigative data, perform internal reviews of draft investigation and litigation documents, meet deadlines, and undertake regular reviews and assessments of the import injury program or its components to identify areas for potential improvement. The Commission added a goal related to independent program reviews and adjusted goals related to the provision of external access to public documents and the electronic filing of, and access to, confidential documents by external parties through EDIS. External factors affecting performance within Operation No. 1 include industry decisions on whether to file cases, Commerce Department determinations, judicial and panel review, and changes in legislation. The Commission will continue to consult as necessary with the Department of Commerce on the two agencies' distinct roles in the antidumping and countervailing duty investigative process.

## General Goal

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

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

- an effective exchange of information between the Commission and interested persons,*

- an appropriate investigative record, and*
- fair and equitably-implemented procedures.*

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

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
1.(a) Conduct appropriate internal review of draft investigation and litigation documents.	<ul style="list-style-type: none"> <li>a. Commissioner comments on sufficiency of the information in the record (INV/GC).</li> <li>b. Draft staff reports to investigative teams and senior staff for review (INV).</li> <li>c. Drafts of legal issues memoranda and opinions to teams for comment on factual accuracy and confidentiality, and draft briefs to Commission for comment (GC).</li> <li>d. Team participation in opinion-writing process (INV).</li> </ul>	<ul style="list-style-type: none"> <li>a. 80% positive response.</li> <li>b. 100% of draft reports circulated.</li> <li>c. 100% of draft documents circulated.</li> <li>d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation.</li> </ul>	<ul style="list-style-type: none"> <li>a. 80% positive response.</li> <li>b. 100% of draft reports circulated.</li> <li>c. 100% of draft documents circulated.</li> <li>d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation.</li> </ul>
1.(b) Meet statutory, court, and administrative deadlines.	<ul style="list-style-type: none"> <li>a. Reports and determinations (INV) and memoranda and draft opinions issued, and briefs (GC) submitted, on time.</li> </ul>	<ul style="list-style-type: none"> <li>a. 100% on time.</li> </ul>	<ul style="list-style-type: none"> <li>a. 100% on time.</li> </ul>

See note at end of table.



Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
<p>2. Effectively develop investigative records and provide information on investigations to participants and the public.</p>	<p>a. More effective information management methods adopted (INV/SE/GC).</p> <p>b. Review of Web site and revision of content as appropriate (INV); level of satisfaction reported by users of ITC import injury web pages (ITS).</p> <p>c. Prompt entry of documents into EDIS after filing, and improvements adopted (ITS).</p>	<p>a. Progress is made on improving methods of gathering and processing investigative data.</p> <p>b. (1) Semi-annual reviews and revisions completed.</p> <p>b. (2) 2% improvement over FY 2006 level.</p> <p>c. (1) 75% of documents filed are made available on EDIS within 24 hours.</p> <p>c. (2) 85% of documents filed are made available on EDIS within 48 hours.</p> <p>c. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p> <p>c. (4) Enable electronic APO distribution through EDIS enhancements pending Commission approval.</p>	<p>a. Progress is made on improving methods of gathering and processing investigative data, taking into account results of biannual survey regarding investigative procedures.</p> <p>b. (1) Semi-annual reviews and revisions completed.</p> <p>b. (2) 2% improvement over FY 2007 level.</p> <p>c. (1) 75% of documents filed are made available on EDIS within 24 hours.</p> <p>c. (2) 85% of documents filed are made available on EDIS within 48 hours.</p> <p>c. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p>
<p>3. Undertake regular independent reviews and assessments of the import injury investigations program or its components to identify areas for potential improvement.</p>	<p>a. Independent, objective review identifies areas for potential improvement (INV).</p>	<p>a. Recommend to the Commission major program component(s) for review.</p>	<p>a. Determine scope of review, request bids, and select contractor to conduct review.</p>

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

## Performance

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During FY 2003, 2004, 2005, and 2006 the Commission generally met the performance goals of its Performance Plans:

- ❑ In FY 2003, the Commission sought customer feedback, via Federal Register notice, on agency procedures related to the conduct of import injury investigations; updated the Blue Book; conducted appropriate internal review of draft documents; and issued virtually all determinations and documents on time. The agency's third user survey was issued. The Commission implemented EDIS II and began to accept nonconfidential documents in electronic format.
- ❑ In FY 2004, pursuant to comments submitted by the trade bar in connection with its third user survey and in response to a request via Federal Register notice, the Commission reviewed agency investigative procedures and implemented a series of process improvements related to the conduct of antidumping and countervailing duty investigations and reviews. The Commission also updated the Red Book, in part to address electronic filing procedures; completed plans for the redesign of investigation web pages to expand both general and investigation-specific content; conducted appropriate internal review of draft documents, including opinions; issued all determinations and related documents on time; and completed plans for design enhancements for the next release of EDIS. In FY 2004, the Commission did not meet its goals regarding external access to filed documents and determined that further process and system enhancements to EDIS were necessary.
- ❑ In FY 2005, the Commission enhanced the design and content of its web site, providing a separate page for each active and recently completed import injury investigation, showing key dates of interest to the public, contact information for assigned staff, and links to all relevant ITC and Commerce notices, questionnaires, transcripts, service lists, news releases, and public reports, available for downloading and printing. Also added were information pages on the major types of import injury investigations and the Byrd Amendment, and links to resources such as relevant sections of trade statutes, the Commission's Rules of Practice and Procedure, statutory timetables, historical import injury case statistics, Commerce's Import Admini-

stration, the Sunset Reviews web site, outstanding AD/CVD orders, ITC publications on import injury cases, EDIS, the Blue Book, and the Red Book. The Commission also released an enhanced search tool for EDIS in FY 2005. This tool provides improved access to public documents, including multiple search options, faster retrieval, and more user-friendly results. In addition, the Commission updated the Blue Book; conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time.

- In FY 2006, pursuant to comments submitted by the trade bar in connection with its fourth user survey, the Commission reviewed procedures related to the issuance of questionnaires and access to documents on EDIS and took steps toward process improvements in those areas. The Commission conducted appropriate internal review of draft documents, including opinions; and issued all determinations and related documents on time. Semi-annual reviews were conducted related to the content of the import injury web pages, and a baseline was established for the level of satisfaction reported by users of those pages. System modifications to EDIS were implemented to allow for the electronic acceptance of confidential documents. The Commission expects to make significant advances during FY 2007 in the electronic service of confidential records. This will benefit both the Commission and practicing parties, by reducing quality issues and the Commission's expenses related to paper-based service, while providing the served parties with quicker access to the documents they are served.

# OPERATION NO. 2: Intellectual Property-Based Import Investigations

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The Commission plans to undertake activities during FY 2007 and 2008 to measure and enhance performance with respect to three central concerns in the Section 337 area: the expeditious completion of proceedings, the effectiveness of the agency's orders, and the provision of information to the public about the Section 337 process. The Commission will collect and analyze data regarding the length of investigations and ancillary proceedings and the Commission's compliance with key statutory and administrative deadlines. The Commission will also ensure that new filings are entered into EDIS in a timely manner and that additional types of information are made available to the public. During FY 2000, the agency surveyed complainants who obtained exclusion orders regarding whether imports subject to exclusion had stopped and then developed recommendations in light of survey results. This survey was repeated in late FY 2005 in order to obtain further feedback from the public, and during 2006 a Commission working group compiled and analyzed the responses. A goal providing for semiannual meetings with members of the Intellectual Property Rights Branch of U.S. Customs and Border Protection (Customs) was added to facilitate communications between Commission and Customs personnel regarding enforcement of Section 337 remedial orders. External factors affecting performance of this function include the size and complexity of the Section 337 docket, which is dependent on the decisions of businesses to file cases; judicial review; legislative changes; and Customs enforcement of orders.

## General Goal

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The Strategic Plan establishes a general goal and strategies for Operation No. 2. The general goal is to:  
*Facilitate a rules-based international trading system by conducting intellectual property-based import investigations in an expeditious and transparent manner and providing for effective relief when it is warranted.*

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

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
<p>1. Meet statutory and key administrative and court deadlines, conclude Section 337 investigations expeditiously, and reduce the average time to conclude ancillary proceedings.</p>	<p>a. Investigations are instituted, target dates are set, and court briefs are filed, on time (OUII/GC).</p> <p>b. Final IDs and final determinations are issued on their target dates (GC).</p> <p>c. In TEO proceedings, TEO IDs and determinations are issued on time (GC).</p> <p>d. Length of investigations into alleged Section 337 violations (OUII/GC).</p> <p>e. Length of ancillary proceedings (OUII/GC).</p>	<p>a. 100% of actions occur on time.</p> <p>b. 100% of actions occur on time.</p> <p>c. 100% of actions occur on time.</p> <p>d. Conclude investigations in time frames that are consistent with the URAA.</p> <p>e. Average length of proceedings is:            (1) modification –6 mos.            (2) advisory –12 mos.            (3) enforcement –12 mos.            (4) consolidated ancillaries–15 mos.</p>	<p>a. 100% of actions occur on time.</p> <p>b. 100% of actions occur on time.</p> <p>c. 100% of actions occur on time.</p> <p>d. Conclude investigations in time frames that are consistent with the URAA.</p> <p>e. Average length of proceedings is:            (1) modification –6 mos.            (2) advisory –12 mos.            (3) enforcement –12 mos.            (4) consolidated ancillaries–15 mos.</p>
<p>2. Effectively provide information regarding investigations to the public as well as to investigative participants.</p>	<p>a. Review of Web site and revision of content as appropriate (OUII/GC); Level of satisfaction reported by users of ITC intellectual property infringement web pages (ITS).</p> <p>b. Prompt entry of documents into EDIS after filing, and improvements adopted (ITS).</p>	<p>a. (1) Semi-annual reviews and revisions completed.</p> <p>a. (2) 2% improvement over FY 2006 level.</p> <p>b. (1) 75% of documents filed are made available on EDIS within 24 hours.</p> <p>b. (2) 85% of documents filed are made available on EDIS within 48 hours.</p>	<p>a. (1) Semi-annual reviews and revisions completed.</p> <p>a. (2) 2% improvement over FY 2007 level.</p> <p>b. (1) 75% of documents filed are made available on EDIS within 24 hours.</p> <p>b. (2) 85% of documents filed are made available on EDIS within 48 hours.</p>

See note at end of table.

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
		<ul style="list-style-type: none"> <li>b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</li> <li>b. (4) Enable electronic service through EDIS enhancements pending Commission approval.</li> </ul>	<ul style="list-style-type: none"> <li>b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</li> </ul>
<p>3. Actively facilitate enforcement of exclusion orders.</p>	<ul style="list-style-type: none"> <li>a. Timely seizure and forfeiture notices resulting from Customs letters (GC).</li> <li>b. Improve communications regarding enforcement of remedial orders (OUII/GC).</li> </ul>	<ul style="list-style-type: none"> <li>a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs.</li> <li>b. (1) Enforcement working group meets at least semi-annually to discuss remedy issues and oversees implementation of any proposals adopted in view of exclusion order survey.</li> <li>b. (2) Scheduling information regarding Section 337 proceedings is provided to Customs on a quarterly basis.</li> <li>b. (3) OGC and OUII representatives meet with IPR Branch of Customs semi-annually to discuss enforcement-related issues.</li> </ul>	<ul style="list-style-type: none"> <li>a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs.</li> <li>b. (1) Enforcement working group meets at least semi-annually to discuss remedy issues and oversees implementation of any proposals adopted in view of exclusion order survey.</li> <li>b. (2) Scheduling information regarding Section 337 proceedings is provided to Customs on a quarterly basis.</li> <li>(3) OGC and OUII representatives meet with IPR Branch of Customs semi-annually to discuss enforcement-related issues.</li> </ul>

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

## Performance

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During FY 2003, 2004, 2005, and 2006 the Commission generally met the performance goals of its Performance Plans:

- During FY 2003, the level of Section 337 activity continued at the high levels established in FY 2001 and FY 2002. The Commission continued to meet deadlines and issue virtually all documents on time. The Commission's new EDIS was activated internally in mid-December 2002 and made available to the public on January 23, 2003. As a result, documents that did not contain confidential business information could be filed with the Commission in either paper or electronic format.
- During FY 2004, the Section 337 workload was quite high, with the number of new investigations during the year significantly above that of the prior two fiscal years. The Commission continued to meet deadlines and issue virtually all documents on time. During the year, the Commission did not meet its goals regarding external access to filed documents and determined that further process and system enhancements to EDIS were necessary. Throughout FY 2004, the Commission worked to increase the efficiency, speed, and reliability of its internal document processing to help meet the goals for real-time updates. System modifications were implemented to enhance viewing and retrieval of bulky documents and improve workflow processing to decrease the time it takes to make documents available to the public. In FY 2004, questionnaires regarding the effectiveness of outstanding exclusion orders were prepared for a survey to be conducted during FY 2005.
- During FY 2005, the Section 337 workload increased again, with the number of matters active during the year more than 25 percent above that of FY 2004. The Commission continued to meet deadlines and issue virtually all documents on time. During the year, the Commission did not meet its goals regarding electronic access to filed documents and determined that organizational realignment of the Office of the Chief Information Officer and continued system enhancements to EDIS were necessary. The Commission completed a reorganization of the Office of the Chief Information Officer, where the docket function, formerly a service maintained by Office of the Secretary, became the Docket Division of the Office of IT Services.

The intent of this realignment was to accelerate the transformation of the docket function to a predominantly electronic service. System modifications were implemented to enhance access to public documents, including faster retrieval, and more user-friendly search results. The Commission sent out survey questionnaires regarding the effectiveness of outstanding exclusion orders in the last quarter of FY 2005.

- During FY 2006, the Section 337 caseload continued to climb, with new matters increasing by nearly 40 percent as compared to the prior year and the total number of matters active during the course of the year increasing by more than 20 percent. Nevertheless, the Commission continued to meet deadlines and issue virtually all documents on time. During the year, the enforcement working group collected and analyzed responses to the exclusion order survey and prepared recommendations for the Commission's consideration in view of the survey results. The working group also began providing Section 337 scheduling information to Customs on a quarterly basis, and during FY 2007, members of the working group intend to meet with representatives from the Intellectual Property Rights Branch of Customs on a semiannual basis to discuss matters relating to exclusion order enforcement. System modifications to EDIS were implemented to allow for the electronic acceptance of confidential documents. The Commission expects to make significant advances during FY 2007 in the electronic service of confidential records. This will benefit both the Commission and practicing parties, by reducing quality issues and the Commission's expenses related to paper-based service, while providing the served parties with quicker access to the documents with which they have been served.



# OPERATION NO. 3: Industry and Economic Analysis

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The Commission will seek to enhance the value of its industry and economic analysis in FY 2007 and 2008 as reflected in customer recognition of its work product, development of expertise, use of effective information management and analytical methods, and timeliness. The agency has adopted indicators to better measure customer use of its products. One such measure of progress is the percentage of its public statutory reports that are cited as useful by customers such as USTR and Congress, as well as interested parties such as industry associations and the press. In FY 2005, the agency set a goal for FY 2006 of 50 percent using this metric. The agency instead will use FY 2006 actual numbers as a baseline from which to improve in future years. The agency will retain a number of its previous indicators, such as the level of web site activity, the number and type of enhancements in information management and modeling capabilities, and timely completion of research. The agency is eliminating as a performance measure the percentage of positive responses received in written comments from users, as the number of written responses from users continues to decline. During FY 2005 the Commission conducted surveys measuring user satisfaction of its revised web site. A baseline measure has now been established for user satisfaction with the Operation 3 components of the web site. External factors affecting the performance of this operation include customer requests for studies and legislative initiatives.<sup>1</sup>

The Commission supports ongoing analysis of international trade issues to sustain its ability to provide expert analysis and advice to the Executive Branch and the Congress in the form of both formal reports and informal technical assistance. The Commission's goal is to provide sound, objective, value-added analytical products in a timely manner that lead to more informed public debate on trade policy issues. While it is not possible to directly measure the effects of the Commission's analysis on the U.S.

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<sup>1</sup> The level of self-initiated work can be highly dependent on and tends to exhibit an inverse relationship to the level of other, higher priority investigative work such as formal section 332 investigations and Operation No. 1 investigations.

economy, individual industry sectors, or U.S. trade policy, it can be observed that Commission experts are repeatedly called upon for advice on current and future trade issues and proposed trade legislation, as well as being in frequent demand as technical experts to Congressional staff, interagency policy committees, and trade negotiating teams.

## General Goal

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

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

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

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
1. Continually improve and develop efficient and effective research methods.	<p>a. Public statutory reports are often cited or mentioned as useful by customers such as USTR and Congress, as well as other interested parties such as industry associations and the press (OP).</p> <p>b. Section 332 reports to requesters on time (OP).</p> <p>c. Level of satisfaction reported by users of ITC Industry and Economic Analysis web pages.</p> <p>d. Customers request new types of analysis or new subject areas (OP).</p>	<p>a. 2% improvement over the FY 2007 level in the number of public ITC reports cited by policy-makers and interested parties.</p> <p>b. 100% of reports on time.</p> <p>c. 2% improvement over FY 2007 level.</p> <p>d. 2 requests that involve new areas or types of analysis.</p>	<p>a. Establish new baseline based on web searches for number of public ITC reports cited by policy-makers and interested parties during FY 2006.</p> <p>b. 100% of reports on time.</p> <p>c. 2% improvement over FY 2006 baseline level.</p> <p>d. 2 requests that involve new areas or types of analysis.</p>
2. Identify emerging areas and issues, and develop staff expertise.	<p>a. Numbers of self-initiated articles, working papers, research notes, and presentations at professional meetings/conferences (OP).</p> <p>b. Number/type of enhancements in information management and analytical methods (OP).</p>	<p>a. More than 60 initiatives, as resources and mandatory work permit.</p> <p>b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2007 include improving content of ITC "Industry and Economic Analysis" Web page, including continued efforts to convert existing and new ITC publications and databases to a Web-based format that improves quality of search engine results.</p>	<p>a. More than 60 initiatives, as resources and mandatory work permit.</p> <p>b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2008 include incorporating improvements discerned from web-based surveys that will improve customer satisfaction with the site.</p>

See note at end of table.

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
		<p>b. (2) Expansion of economic modeling and analytical capabilities. Focus for FY 2007 will be: (1) establishment of procedures to validate the USITC general equilibrium models and follow-on research products to improve model performance, (2) the integration of NTM estimates into the agency's quantitative analysis that will, enumerate, describe, and where possible, quantify global non-tariff barriers to trade, (3) analysis of changes in productivity owing to new manufacturing processes in certain industries, (4) development and utilization of new tools/databases related to at least 2 areas of trade negotiations, and (5) depending on customer request and progress in the negotiations, conduct further assessment of the potential effects on the U.S. economy of a Doha Round trade agreement.</p> <p>b. (3) Web redesign and semi-annual Web site review and revision completed.</p>	<p>b. (2) Expansion of economic modeling and analytical capabilities and use. Focus for FY 2008 will be: (1) implementation of model validation process to monitor USITC general equilibrium model performance, (2) continued work on analysis of changes in productivity owing to new manufacturing processes in certain industries, (3) conduct an analysis of the indirect costs faced by U.S. industries on their international competitiveness and the impact on long term sectoral investment flows (4) development and utilization of new tools/ databases related to at least 2 areas of trade negotiations.</p> <p>b. (3) Semi-annual reviews of Web site and revisions completed.</p>
<p>3. Undertake regular independent reviews and assessments of the Industry and Economic Analysis program to identify areas for potential improvement.</p>	<p>a. Independent objective reviews and assessments identify areas for potential improvement and actions are taken to improve the program.</p>	<p>a. Recommend to the Commission major program component(s) for review.</p>	<p>a. .</p>

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

# Performance

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During FY 2003, 2004, 2005, and 2006, the Commission generally met the performance goals of its Performance Plans:

- In FY 2003, the Commission analyzed responses to mail back survey forms in each published report, and launched an on-line customer survey on the ITC Web site to solicit feedback from the public on the research program. In addition, the agency increased use of the Web site for timely dissemination of information on ongoing research investigations, notably its section 332 investigation regarding steel-consuming industries. The agency has also implemented new procedures to assist in identifying critical emerging issue research needs. Special accomplishments in FY 2003 include the following: (1) Construction of a regional CGE model of the U.S. economy (the USAGE-ITC model) continued on schedule. A working version of the model without the regional- and state-level component was reviewed, tested, and found to be satisfactory. (2) The Russian economy model was completed and future working papers are anticipated from this work. In addition, data developed for this project were accepted by the Center for Global Trade Analysis (GTAP) for inclusion in the next version of the global model's database. (3) Development of analytical tools and techniques to respond to new legislative requirements (Trade Act of 2002) included the refinement of the current U.S. CGE model to assess imports of sensitive agricultural products from potential FTA partners and the development of the TSCAPE historical database and CGE model to analyze previous "fast-track" agreements.
- In FY 2004, the Commission analyzed responses to mail back survey forms in each published report and to the on-line customer survey on the ITC Web. In addition, the agency increased use of the Web site for timely dissemination of information on ongoing research investigations. During FY 2004, the Commission delivered congressionally mandated reports on the U.S. free trade agreements with Australia, Morocco, and Central America and the Dominican Republic. Congress and USTR cited these studies as being particularly useful in understanding the economic effects of these agreements on the U.S. economy as a whole, and on various agriculture, manufacturing, and services sectors. Special accomplishments in FY 2004 include

analysis of NTMs in basic telecommunications services, several unique analytical reports related to services and agriculture, cohosting an APEC NTMs conference with the Australian Productivity Commission, utilizing the newly developed USAGE CGE model that reports state level results in *The Economic Effects of Significant U.S. Import Restraints Fourth Update 2004*, and moving *Shifts in U.S. Merchandise Trade 2003* to a web based publication. After reviewing various data regarding ITC web site usage, the Commission revised one of its goals to focus on measurement of user satisfaction rather than on usage levels.

- In FY 2005, the Commission established a baseline for satisfaction of its web users for Operation 3. The Commission continued to focus on improving delivery of its reports via the web site. During FY 2005, the Commission delivered a number of innovative reports to Congress and USTR such as *The Impact of Trade Agreements Implemented Under Trade Promotion Authority*; *Foundry Products: Competitive Conditions in the U.S. Market*; *Logistic Services: An Overview of the Global Market and Potential Effects of Removing Trade Impediments*; *U.S. Trade and Investment with Sub-Saharan Africa: Fifth Annual Report*; *Remediation and Nature and Landscape Protection Services: an Examination of U.S. and Foreign Markets*; and *U.S.-Bahrain Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*.
- In FY 2006, the Commission initiated e-mail subscription lists to provide customers with automatic updates and information about its reports. Relative to the 2005 benchmark, the web satisfaction survey indicated that the agency have improved in 10 out of 11 surveyed areas. The Commission also made significant progress toward their corporate research agenda: A new Investment program was established and a paper was produced on U.S. foreign direct investment; China knowledge was deepened and the Commission produced two papers, on both U.S-China trade and the impact of Chinese demand on world commodities; and the NTM understanding expanded through producing a paper on the price effect of NTMs. In addition, the Commission delivered four studies on future and potential FTAs (*U.S. Korea Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-Free Treatment for Imports*; *U.S.-Malaysia Free Trade Agreement: Advice Concerning the Probably Economic Effect of Providing Duty-Free treatment for Imports*; *U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*; *U.S.-Peru Trade Promotional Agreement: Potential Economywide and Selected Sectoral Effects*) to USTR. Other special accomplishments in 2006

include delivering innovative reports (*Economy-wide Simulation Modeling: Technical Analysis of the Doha Round; Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market; NAFTA: Woven Cotton Boxers and Shorts: Probable Effect of Modifications on NAFTA Rules of Origin for Goods of Canada and Mexico; Probable Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin*).

# OPERATION NO. 4: Tariff and Trade Information Services

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During FY 2007 and 2008, the Commission plans to enhance its performance in providing trade information services by increasing the utility of various trade information services for its customers and by providing timely and effective nomenclature and other services to Congress and the Administration. Central to this Operation is the publication of the HTS and various types of tariff and trade information that are made available via the Commission's web site. The Commission actively seeks feedback on customer satisfaction, and has established goals and indicators to account for such feedback. External factors affecting performance of this function include legislative changes and customer requests for assistance. The agency has included new, more numerical goals for this Operation based on web page use, to reflect the agency's level of success in providing useful nomenclature information to customers.

## General Goal

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

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

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



Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
1. Increase the utility and improve the dissemination of ITC tariff and trade information services to customers.	a. Level of use, as appropriate: (1) Trade DataWeb  (2) Tariff Database. (OP)  b. More effective information management methods adopted (TATA).  c. Level of use of HTS page of ITC website; review and revision of content (TATA).  d. Results of feedback from users of ITC's tariff and trade web pages (ITS).  e. Number of email requests for tariff advice.	a. (1) 5% increase in number of Trade DataWeb reports provided.  a. (2) 5% increase in number of Tariff Database reports provided.  b. Modernization of data and tariff publication process underway.  c. 5% increase in usage over previous year; semiannual reviews and revisions completed.  d. 2% improvement over FY 2006 baseline level.  e. 100% timely and accurate responses.	a. (1) 5% increase in number of Trade DataWeb reports provided.  a. (2) 5% increase in number of Tariff Database reports provided.  b. Modernization of data and tariff publication process underway.  c. 5% increase in usage over previous year; semiannual reviews and revisions completed.  d. 2% improvement over FY 2007 level.  e. 100% timely and accurate responses.
2. Provide timely, effective, and responsive nomenclature and related technical services to customers.	a. Results of product feedback assessments. (TATA)	a. 95% positive results.	a. 95% positive results.
3. Undertake regular independent reviews and assessments of the tariff and trade information program, or its components, to identify areas for potential improvement.	a. Independent, objective review identifies areas for potential improvement (TATA).	a. Recommend to the Commission major program component(s) for review.	a. Determine scope of review and solicit possible review participants.

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

## Performance

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During FY 2003, 2004, 2005, and 2006 the Commission generally met the performance goals of its Performance Plans:

- In FY 2003, publication of the HTS on the ITC web site continued to be carried out on a real-time basis, with two revisions and a mid-year supplement. Accuracy and consistency between HTS

chapter files and the Dataweb were maintained, as well. ITC staff continued to explore ways to make the HTS files readily available to the general public in a useable format. Commission representatives to Committees of the WTO and the WCO continued to be received favorably; two ITC staff members chaired separate Committees at the WCO during the FY. Similarly, U.S. proposals were vetted with U.S. industry sources and other Government agencies and were generally found acceptable to our trading partners. The Commission adopted a new, simplified format for miscellaneous tariff bill reports to the Congress; it was anticipated that the new format would ease the burden on Commission staff preparing such reports and improve the timeliness of forwarding reports to the Congress without loss of content.

- In FY 2004, the 2004 edition of the HTS and a mid-year supplement were published in hard copy, and the electronic version on the ITC website was updated accordingly. Ongoing efforts to streamline the production of the HTS in order to facilitate the direct updating of the Dataweb, the Customs Automated Commercial Environment (ACE) database and other electronic databases employing HTS codes continued. Further, the HTS web page on the ITC web site was reconfigured for better user friendliness and came online in its new format in FY 2005. Preliminary work began on a new Section 1205 investigation, whereby amendments recommended by the WCO (and other amendments) eventually would be incorporated in the HTS, effective January 1, 2007. Two ITC staff members chaired separate committees at the WCO during the FY, and one was elected to chair the Harmonized System Committee during FY 2005. Commission representatives either led or participated in the U.S. delegations to the WCO, and U.S. proposals and position papers for the various committees were vetted with U.S. industry sources and other Government agencies, with outcomes that were consistent with U.S. views and acceptable to our trading partners. Using the new, simplified format for miscellaneous tariff bill reports, the Commission approved more than 100 bill reports without substantive comment. Communications with USTR, Congressional Committees, other Government agencies (notably Commerce, Customs, OPIC, and USDA), the WCO, and the private sector all indicated positive feedback on the ITC's activities in their behalf during the FY.
- In FY 2005, the 2005 edition of the HTS and a mid-year supplement were published in hard copy, and the electronic version on the ITC website was updated accordingly. Work continued on streamlining the production of the HTS in order to facilitate updating the Dataweb, the Customs Automated Commercial Environment (ACE) database and other databases

employing HTS codes. During the FY, the ITC website was reconfigured in an effort to make it simpler to access the HTS, Dataweb and other tariff-related web pages. The report on Inv. No. 1205-6 (Preliminary) was submitted to USTR; the report proposed legal amendments to the HTS arising from a WCO Recommendation and other sources, to become effective on January 1, 2007. An ITC staff member chaired two separate committees of the WCO and was re-elected to chair the Harmonized System Committee sessions scheduled to be held during FY 2006. Commission representatives either led or participated in the U.S. delegations to the WCO, and many U.S. proposals and positions, vetted with U.S. industry and other Government agencies, were accepted by our trading partners. More than 600 miscellaneous tariff bills were introduced in the FY by the 109<sup>th</sup> Congress, and by the end of the FY, the Commission had approved factual reports on more than 200 of them and forwarded them to the Congress. Communications with USTR, Congressional Committees, and the private sector all indicated positive feedback on the ITC's activities in their behalf during the FY.

- In FY 2006, the 2006 edition of the HTS and a mid-year supplement were published in hard copy and on-line. In addition, four electronic revisions were made to the on-line version to reflect implementation of certain free-trade agreements and Congressional tariff legislation. The ITC also generated and published, on USTR's behalf, appendixes to Presidential Proclamations implementing free-trade agreements between the United States and Morocco, Bahrain and certain Central American countries. The final report on Inv. No. 1205-6 was submitted to USTR and, subsequently, to Congress for a statutory layover period, which was still ongoing at the end of FY2006; the report proposed legal amendments to the HTS, arising from a WCO Recommendation and other sources, with implementation targeted for January 1, 2007. In this connection, the ITC worked closely with USTR and Customs to update staged-duty-rate-reduction tables and rules of origin for existing free trade agreements, as well as for certain pending FTAs. Commission staff led and/or participated in three separate committees of the WCO. One staff member chaired both sessions of the Harmonized System Committee during the fiscal year and was re-elected to chair the HSC sessions scheduled during FY 2007. During FY 2006 the Commission prepared an unprecedented number (nearly 900) of reports on miscellaneous tariff bills and forwarded them to Congress. About 260 provisions were enacted in P.L. 109-280, and the rest were set aside for Congressional consideration in early FY2007. During FY 2006, a Memorandum of Agreement was signed

between Customs and the ITC. Under this data exchange agreement, the ITC will provide tariff data to Customs in exchange for trade transaction data needed for AD/CVD investigations. During the fiscal year, significant advancements were made in the proposed re-design of the process for preparing, updating and publishing the HTS in a manner purporting to accelerate and streamline the transfer of tariff information from the HTS to the ITC Tariff Database, the Customs ACE database and other external databases employing HTS-based tariff information. In addition, automated programs were being developed on both sides to expedite the preparation and upload into Customs border systems of annual staged rate reductions for FTAs and the introduction of new FTAs as they are implemented. Communications with USTR, Congressional Committees and the private sector all revealed positive feedback in the ITC's activities under Operation 4 during the fiscal year.

# OPERATION NO. 5: Trade Policy Support

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During FY 2007 and 2008, the Commission plans to improve its performance in the provision of expert knowledge and analysis regarding trade related issues to the Congress and the Executive Branch. The Commission has revised its strategies in this operation for FY 2007 and beyond. To support these strategies, the Commission will work to improve the timeliness, level, and scope of support provided to Congress and the Administration, to seek improved feedback from customers, and to deliver new products and services that meet the situational needs of its customers. External factors affecting performance of this function include customer requests for assistance, and legislative changes. Commission-specific statutes direct the Commission to provide designated support to USTR, as well as to statutorily-designated Congressional committees.

## General Goal

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

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

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

Strategies	Performance Indicators <sup>1</sup>	FY 2007 Performance Goals	FY 2008 Performance Goals
1. Provide real-time, efficient, and effective technical analysis and support to organizations involved in trade policy formulation.	<p>a. Number of trade policy issue areas supported by ITC analysis. (IND).</p> <p>b. Development of innovative methods that improve the quality, scope, and/or timeliness of support, or the efficiency with which it is delivered (IND).</p>	<p>a. 70 trade policy subjects supported.<sup>2</sup></p> <p>b. Complete pilot program for FTA archival project and evaluate costs and benefits of continuation.</p>	<p>a. 80 trade policy subjects supported.<sup>2</sup></p> <p>b. Evaluate electronic delivery methods for recurring requests.</p>
2. Undertake regular independent reviews and assessments of the trade policy support program, or its components, to identify areas for potential improvement.	<p>a. Improvement in the procedures and methods used to produce and deliver support for trade policy formulation (IND).</p>	<p>a. Evaluate the assignment of staff dedicated to supporting USTR to ensure proper application, in terms of focus and FTEs.</p>	<p>a. Implement enhancements based on the 2007 review and develop a plan for a future review.</p>

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

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

## Performance

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During FY 2003, 2004, 2005, and 2006 the Commission generally met the performance goals of its Performance Plans:

- In FY 2003, the upward trend continued in the number of trade policy issue areas in which the Commission provided support to the Congress and the Administration. Suggestions from the previous year's focus group sessions were implemented and ER reviewed the mechanisms through which support was provided and made changes as appropriate.
- In FY 2004, staff experimented with moving from generic performance focus groups to seeking targeted product-specific feedback from customers. In FY 2004, staff also considered means to maximize policy support and keep agency staff abreast of current developments. In FY 2005, staff will consider methods by which to track review and comment on policy initiatives moving through the trade policy development system.

- In FY 2005, there was a significant increase in the number of trade policy issue areas upon which the Executive and Hill Committees sought support from the Commission; in FY 2006, staff will evaluate whether this increase was a temporary up-tick or represents a long-term trend. In FY 2005, staff regularly sought targeted feedback from customers; staff was able to conduct briefing/feedback meetings with USTR in connection with most studies. Feedback was overwhelmingly positive from both USTR and Congress, with some suggestions of how lessons learned in successful studies could be applied in the future. The primary means of feedback from Congress was by telephone and e-mail, and was more product-specific. Hill staff in particular expressed appreciation for timely and quick-turnaround responses.
- In FY 2006, the Commission demonstrated its wide ranging expertise by responding to requests from Hill oversight Committees and USTR which involved well over 100 discrete trade, legal, or competitiveness issues. Efforts to better serve these primary customers have resulted in more timely analysis and counsel, as staff seeks opportunities to provide information using streamlined procedures that minimize bureaucratic steps. These improvements were shaped by staff initiatives to seek timely product-specific feedback from customers. The Commission also dedicated staff to focusing on areas USTR has identified as having significant ongoing need, including the Generalized System of Preferences, negotiation support in the Services and Non-Agricultural Market Access sectors, and trade capacity building. The Commission also significantly increased its commitment of resources to aid USTR's litigation requirements in international fora.