

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

The Honorable Irving Williamson
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

SEP 13 2016

Dear Chairman Williamson:

The U.S. International Trade Commission's (Commission) series of reports on the economic effects of significant U.S. import restraints, prepared as part of Investigation No. 332-325, has been an objective and balanced source of information for the President, the Congress, the trade policy community, and the public. As your reports have shown, the costs imposed on U.S. economic welfare by U.S. import restraints have declined markedly since 1992, even as the volume of U.S. imports has grown substantially. In this ninth update, I am requesting that the Commission include an assessment of how significant U.S. import restraints affect households with different incomes.

The United States now stands as one of the world's most open economies. As the Commission begins work on the ninth update of its report, and in light of the high degree of openness of U.S. markets to imports that has already been achieved, I am requesting that the Commission also include in its report information on another important development in U.S. trade.

The rising importance of global supply chains means that intermediate inputs are increasingly traded across borders. Tariffs and inefficient customs and border procedures can raise the price of these inputs in each country they enter along the supply chain, while their removal can substantially improve global welfare. An overview of the effects of these inefficiencies along the supply chain would be useful as a special topic in this report. I am therefore requesting that the Commission provide in this ninth update an overview of the effects of tariffs and customs and border procedures on global supply chains. The Report should, to the extent practicable, describe the cumulative effects of tariffs and customs and border procedures on goods traded through global supply chains. This should also include the effect on services to the extent that they depend on goods traded across borders. The Report should also provide an overview of the recent literature that discusses the effect of these costs along the supply chain. Finally, the Report should provide case studies examining supply chain inefficiencies stemming from customs and border procedures abroad in relevant industries.

Please provide the ninth update of this Report, with the additional section, 12 months after receipt of this request. As stated in the original 1992 request letter, subsequent updates of the report should be provided thereafter at intervals of approximately two years. USTR intends to make the Commission's report available to the general public in its entirety. Therefore, the report should not contain any confidential business or national security classified information.

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The Commission's assistance in this matter is greatly appreciated.

Sincerely,

Michael Froman

Ambassador Michael B. G. Froman