United States
International Trade Commission

Trade Authorities

Extension:

Economic Impact of Trade Agreements Implemented under the Bipartisan Trade Act of 2015

May 2018
Publication Number: 4792
Investigation Number: 332–566
Trade Authorities Extension:
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Chapter 1
Trade Authorities Extension: Economic Impact of the Trade Agreements Implemented under the Bipartisan Trade Act of 2015

Section 103(c)(3)(B) of the Bipartisan Congressional Trade Priorities and Accountability Act of 20151 (Bipartisan Trade Act) requires the President to inform the U.S. International Trade Commission (Commission) of the decision to request an extension of trade authorities procedures, and requires the Commission to submit a written report to Congress not later than June 1, 2018, “that contains a review and analysis of the economic impact on the United States of all trade agreements implemented between the date of the enactment of this Act and the date on which the President decides to seek an extension requested under paragraph (2).” The reporting requirement pertains to trade agreements implemented between the date of enactment of the Bipartisan Trade Act (June 29, 2015) and the date on which the President decides to seek an extension (March 20, 2018).

Economic Impact of Trade Authorities Extension on the United States

Upon receipt of a letter from the U.S. Trade Representative on March 22, 2018 (see copy in appendix A), the Commission instituted the current investigation for the purpose of (1) identifying any trade agreements implemented between June 29, 2015 and March 20, 2018 under the trade promotion authority in the Bipartisan Trade Act of 2015, and (2) preparing a report that contains the review and analysis required by the statute for any such agreements. The Commission published notice of the investigation in the Federal Register on April 18, 2018 (appendix A), and invited interested parties to file written submissions.

During the course of its investigation the Commission identified no trade agreements implemented during the subject period that meet the statutory requirement for such a review

and analysis. During the investigation Commission staff consulted with staff at the Office of the U.S. Trade Representative (USTR), and USTR staff similarly was unable to identify any trade agreements that meet the statutory requirement. The Commission also did not receive any written submissions from interested parties that identified any such agreements. In its notice of investigation, the Commission identified one trade agreement, the Trans-Pacific Partnership Agreement, that was entered into during the subject period under the Bipartisan Trade Act of 2015, but noted that this agreement was not implemented.

During the course of the investigation, the Commission received written submissions from two interested parties commenting on the merits of the extension of trade authorities procedures (appendix B).

In the absence of any known trade agreements that fall within the statutory description, the Commission reports that there were no trade agreements implemented during the period from June 29, 2015, to March 20, 2018, that meet the requirements for this report.
Appendix A
Background Information
March 20, 2018

The Honorable Rhonda K. Schmidtlein  
Chairman  
U.S. International Trade Commission  
500 E Street, SW  
Washington, DC 20436

Dear Madam Chairman:

In accordance with Section 103(c)(3)(B) of the Congressional Bipartisan Trade Priorities and Accountability Act of 2015 (Trade Priorities Act), I wish to inform you that the President has decided to submit to the Congress, under Section 103(c)(2) of the Trade Priorities Act, a report requesting the extension of trade authorities procedures. I have enclosed a copy of the report with this letter.

Please let me know if you or the other Commissioners have any questions regarding the report that the Commission is required under Section 103(c)(3)(B) of the Trade Priorities Act to submit to the Congress by no later than June 1, 2018.

Sincerely yours,

[Signature]

Ambassador Robert E. Lighthizer  
United States Trade Representative
INTERNATIONAL TRADE COMMISSION
[Investigation No. 332–566]

Trade Authorities Extension: Economic Impact of Trade Agreements Implemented Under the Bipartisan Trade Act of 2015


ACTION: Institution of investigation and notice of opportunity to file written submissions.

SUMMARY: Having been notified by the U.S. Trade Representative that the President on March 20, 2018, submitted a report to Congress that contains a request for an extension of trade authorities procedures, the Commission, as required by section 103(c)(3) (B) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 1 (Bipartisan Trade Act), has instituted an investigation for the purpose of preparing a report to Congress that contains a review and analysis of the economic impact on the United States of all trade agreements implemented between the date of the enactment of the Bipartisan Trade Act and March 20, 2018. The Commission is unaware of any trade agreements that were implemented under the Bipartisan Trade Act between the date of its enactment and March 20, 2018.

DATES:
May 2, 2018: Deadline for filing written submissions.
June 1, 2018: Transmittal of Commission report to Congress.

ADDRESSES: All Commission offices, including the Commission’s hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. Written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at http://www.usitc.gov/secretary/edis.htm.

FOR FURTHER INFORMATION CONTACT: Information specific to this investigation may be obtained from Yasnanhia Cabral, Project Leader, Office of Operations (202–205–2230, or yasnanhia.cabral@usitc.gov). For information on the legal aspects of this investigation, contact William Gearhart of the Commission’s Office of the General Counsel (202–205–3091 or william.gearhart@usitc.gov). The media should contact Peg O’Laughlin, Office of External Relations (202–205–1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission’s TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its website (http://www.usitc.gov). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION:

Background: As indicated above, the Commission is unaware of any trade agreements that were implemented under the Bipartisan Trade Act between the date of its enactment (June 29, 2015) and March 20, 2016, the date of the President’s request to Congress to extend trade authorities procedures. While at least one trade agreement was negotiated during this period, the Trans-Pacific Partnership Agreement, it was not implemented during this period.

The Commission instituted this investigation under section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) to facilitate public filing of comments and public review of such comments and to include the report in an existing series of Commission reports. The Commission will submit its report to Congress by June 1, 2018.

Written Submissions: The Commission does not plan to hold a public hearing in connection with this investigation. However, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., May 2, 2018. All written submissions must conform with the provisions of section 201.8 of the Commission’s Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 and the Commission’s Handbook on Filing Procedures require that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802).

Confidential Business Information. Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the Commission’s Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

The Commission will not include any confidential business information in the report that it sends to Congress or that it makes available to the public. However, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and offices, and contract personnel (a) for developing or maintaining the record of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any confidential business information in a manner that would reveal the operations of the firm supplying the information.

Summaries of Written Submissions: The Commission intends to publish summaries of the positions of interested persons. Persons wishing to have a summary of their position included in the report should include a summary with their written submission. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will identify the name of the organization furnishing the summary and will include a link to the Commission’s Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined that there is a violation of section 337 of the Tariff Act of 1930, as amended in the above-captioned investigation. The Commission has issued a general exclusion order ("GEO") barring entry of certain arrowheads with arcuate blades and components thereof that infringe the patents asserted in this investigation. The Commission has terminated this investigation.

FOR FURTHER INFORMATION CONTACT: Michael Liberman, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–3115. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–2000. General information concerning the Commission may also be obtained by accessing its internet server at https://edis.usitc.gov. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at https://edis.usitc.gov. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: On January 6, 2017, the Commission instituted an investigation under section 337, based on a complaint filed by complainant Flying Arrow Archery, LLC of Belgrade, Montana ("Flying Arrow,") or Complainant, alleging a violation of section 337 in the importation, sale for importation, and sale within the United States after importation of certain arrowheads with arcuate blades and components thereof (the "Accused Products") by reason of infringement of one or more of claims 5 and 25 of U.S. Patent No. 8,290,269 ("the '269 patent"); the claim of U.S. Design Patent No. D713,919 ("the '919 design patent"); and the claim of U.S. Design Patent No. D729,336 ("the '336 design patent") (collectively, the "asserted patents"). See 82 FR 1760–61 (Jan. 6, 2017) (Notice of Investigation). The Notice of Investigation named the following respondents: Arthur Sifuentes of Spring, Texas; Liu Mengbao and Zhou Yang, both of Guangdong, China; Jiangfeng Mao of Jiangsu, China; Sandum Precision Industry (China) Co., Ltd. (In-Sail) of Guangdong Province, China; Wei Ran, Dongguan Hongsong, and Wanyuxue, all of Guangdong, China; and Yandong of Henan, China. A Commission investigative attorney ("IA") is participating in this investigation.

On April 4, 2017, the ALJ issued an Initial Determination granting Flying Arrow’s motion to terminate the Investigation as to the remaining respondents based on withdrawal of the infringement allegations in the Complaint. See Order No. 7 (unreviewed, Commission Notice (Apr. 28, 2017)). On April 6, 2017, the ALJ issued an Initial Determination granting Motion for Summary Determination of a Violation of Section 337; Issuance of a General Exclusion Order; Termination of Investigation.

On August 15, 2017, complainant filed a motion for summary determination of a violation of section 337 pursuant to Commission Rule 210.16(c)(2) to support its request for entry of a general exclusion order with respect to all asserted patents. The IA filed a timely response in support of the motion. No respondent filed a response to the motion.

On November 8, 2017, the presiding ALJ issued an ID (Order No. 9) granting Complainant’s motion for summary determination thus finding a violation of section 337, and recommending the issuance of a GEO. No party petitioned for review of the ID.


The Commission requested written submissions on remedy, public interest, and bonding. Id. Complainant and the IA timely filed their submissions pursuant to the Commission Notice. No other parties filed any submissions in response to the Commission Notice.

Having reviewed the submissions filed in response to the Commission’s Notice and the evidentiary record, the Commission has determined that the appropriate form of relief in this investigation is a GEO prohibiting the unlicensed importation of certain arrowheads with arcuate blades and components thereof covered by one or more of claims 5 and 25 of the '269 patent, the claim of the '919 design patent, and the claim of the '336 design patent.

The Commission has further determined that the public interest factors enumerated in subsection (g)(1) (19 U.S.C. 1337(g)(1)) do not preclude issuance of the above-referenced remedial order. Finally, the Commission has determined that a bond in the amount of one hundred (100) percent of the entered value is required to permit temporary importation of the articles in question during the period of Presidential review (19 U.S.C. 1337(j)). The investigation is terminated.

The Commission’s order, opinion, and the record upon which it based its determination were delivered to the President and to the United States Trade Representative on the day of their issuance. The Commission has also notified the Secretary of the Treasury of the order.

Appendix B
Public Submissions
May 2, 2018

Secretary
United States International Trade Commission
500 E Street SW
Washington, DC 20436

Ref: Inv. No. 332-566 (Extension of Trade Authorities Procedures)

To Whom It May Concern:

On behalf of the American Apparel & Footwear Association (AAFA) – the national trade association of the apparel and footwear industries, and their suppliers – I am writing to comment on the U.S. International Trade Commission’s (USITC) investigation regarding the extension of trade promotion authority (TPA).

Representing more than 1,000 world famous name brands, AAFA is the trusted public policy and political voice of the U.S. apparel and footwear industry, its management and shareholders, its nearly four million U.S. workers, and its contribution of $384 billion in annual U.S. retail sales. Our members design, make, market, and sell clothes, shoes, and fashion accessories in the United States and in nearly every country around the world. Realizing that our industry literally touches every human being on the planet, it is easy to see how our industry stands on the “frontlines of globalization.”

We strongly support the extension of the TPA as it is a critical tool, supporting continued U.S. engagement in forging trade agreements that knock down barriers at home and abroad. Those agreements have the potential to eliminate long-standing tariff barriers, harmonize regulatory regimes, and expand trade and investment opportunities for the U.S. apparel, footwear, and travel goods industry.

TPA establishes a clear pathway for negotiation of new agreements in a way that provides effective oversight, guarantees full consultation with stakeholders, and confirms Congress’s Article I, Section 8 powers concerning international trade. In fact, reaffirming Congress’s primacy in the development of trade policy is a vitally important element of TPA.

Without TPA, the United States is at a decided disadvantage. The United States belongs to only a handful of the hundreds of trade agreements that have been negotiated worldwide during the past two decades. This means we are shut out of market-opening opportunities while our competitors benefit.
Access to global supply chains and global customers is vitally important for our industry. Approximately, 98 percent of the clothes, shoes, and travel goods purchased in the U.S. every year are imported. Moreover, 95 percent of the world’s consumers of clothes, shoes, and travel goods, live outside the United States. By reducing barriers, trade agreements give our members access to these suppliers and consumers, enabling them to source and deliver products efficiently, inexpensively, and responsibly.

Moreover, through the power of global value chains – a declared negotiating objective in TPA – our members can do this by creating jobs in the United States. Our industry employs nearly 4 million U.S. workers in such diverse fields as manufacturing, retail, design, distribution, logistics, quality control, and compliance. These jobs are concentrated at the beginning and ending stages of the supply chain, collectively account for approximately 75 percent of the retail value of imported articles when sold at retail. Trade policies that recognize this dynamic greatly advance U.S. economic opportunities.

At the same time, more work needs to be done. Not only does the U.S. need to take the lead in knocking down barriers abroad, but we need to do more at home. Our industry accounts for only 6 percent of all imports but generates more than 51 percent of all duties collected. The high U.S. duty burden faced by our industry is a result of persistently high tariffs that have been in place since the 1930s, and the result of trade agreements and preference programs that could be better tailored for our industry. Restrictive rules of origin and product and country exclusions mean that only about 20 percent of our apparel, about 8 percent of our travel goods, and less than 2 percent of our footwear are imported under trade agreement and preferences programs. Existing agreements and programs need to be updated to facilitate U.S. exports and U.S. investments in the United States and abroad. Lastly, trade facilitation efforts must pave the way for the future development of U.S.-led global value chains. The status quo means we are missing opportunities to create market openings abroad and fix regressive, hidden taxes that affects all U.S. consumers at home.

At a time when other countries are actively negotiating, concluding, and implementing trade agreements with each other, it is imperative that the United States not fall behind. TPA is a valuable tool in our arsenal to ensure full U.S. involvement in the world economy, benefiting American companies, American workers, and American consumers.

Thank you again for providing us this opportunity to submit comments on the renewal of TPA. If you have any questions or comments, please feel free to contact me at slamar@aafaglobal.org or Nate Herman at nherman@aafaglobal.org.

Sincerely,

Stephen Lamar
Executive Vice President
AAFA
May 1, 2018

Secretary
United States International Trade Commission
500 E Street SW
Washington, DC 20436

Ref: Inv. No. 332-566 (Extension of Trade Authorities Procedures)

To Whom It May Concern:

These comments are being filed on behalf of the U.S. Global Value Chain Coalition – a coalition of U.S. companies and associations – that is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through their value chains.

Global value chains include those jobs we traditionally associate with creation of a product – such as those in a factory or on a farm – as well as those positions involved in the conceiving of and delivery of those products – such as design, marketing, research and development, logistics, compliance and sales. Simply put, the global value chain accounts for all the jobs that add value to the good or service sold in the global marketplace. These positions are essential to the creation or sale of a good or service. Moreover, the jobs are here in the United States and are usually high-paying, accounting for much of the value that is paid at the register.

While we are not taking a position on trade promotion authority (TPA), per se, we are pleased to see that the two of the negotiating objectives – relating to goods and services – assess trade agreements through their utilization of global value chains. Such objectives are important because, in today’s global economy, global value chains measure the full impact of trade policies on jobs.

Please consider the following:

**Apparel**

- A recent study by the U.S. Global Value Chain Coalition found that about 75 percent of the retail value of an apparel article imported from abroad and sold in the U.S. comes directly from American ingenuity. This means that despite being physically sewn overseas, the vast majority of the value found in a T-shirt, jeans, dress or suit was created by Americans and supported American jobs such as quality assurance, social and import compliance, marketing, and web development.
The industry directly employs about 3 million Americans, with many more indirectly employed once related industries—like textiles or dry cleaning—are factored in. These jobs are directly dependent upon an industry for which imports account for more than 97 percent of all sales.

Footwear

The U.S. imports nearly 2.4 billion pairs of shoes every year to meet the incredible demand of U.S. consumers. That means there are 7.3 pairs of shoes each year for every man, woman, and child in America. Each one of these pairs comes in through a U.S. port, travels across the country (usually by truck), goes to a distribution center (often in rural areas), and reaches store shelves all over America. At each stop along the way, these 2.4 billion pairs of shoes support U.S. workers.

The overwhelming value of every pair of shoes is produced here in America. Today's shoe company has entire teams of U.S. employees dedicated to sourcing, logistics, design, marketing, administration, protecting intellectual property, and navigating the more than 430 ways to classify a shoe under the U.S. Harmonized Tariff Schedule.

New 3D printing technology advancements have significantly reduced the time required to sample new shoe designs. While the traditional way of designing and sampling shoes takes two to three weeks for each sample to be produced and shipped to the U.S., 3D printed samples can be made in the U.S. and reviewed in 1 to 2 days. This allows for more resources to be invested in the high-tech and good paying U.S. jobs focused on creating the latest footwear styles, technology, and innovation.

Promotional Products

The promotional products industry plays an important role in the national economy—collectively, the industry provides nearly 500,000 jobs and generates revenues exceeding $23 billion annually in the U.S. alone. Promotional products are any tangible item with an imprinted message and are one of the most effective, cost-efficient and longest-lasting media used by advertisers and marketers.

The promotional products industry relies on a symbiotic partnership of global supply chain providers. Although most promotional products are manufactured overseas, once in the U.S., these products are sold by U.S. workers and are used to promote U.S. goods and services. But perhaps surprising, most promotional products are imported without any logo applied. There are workers in factories in every state in the country that decorate those items to fill domestic and international demand.
Warehouse and Logistics
- The warehouse-based third-party logistics (3PLs) sector is the intersection point of the domestic and global supply chains. It is a burgeoning industry, with a 60% increase in newly opened distribution warehouses between 2013 and 2015 and an expected 10% annual growth in real revenue over the next 5 years.

- The overall economic impact of the 3PL warehouse industry includes direct, supply chain (indirect), and induced impacts through employment, labor income, value added services, and output. The 3PL industry supports economic activity and growth in engineering, specialized design, finance, insurance, real estate, transportation, and manufacturing because of its niche and specialty services.

- As the intermediary in the domestic and global supply chain, the 3PL warehouse industry accounted for 625,000 direct jobs and nearly $80 billion in labor income and value in 2015, and supported 1.1 million additional jobs across the economy.

Ports
- Cranes to improve port productivity that enables the U.S. to reach world markets depend on crane manufacturers outside the United States.

- Moreover, American ports make our holidays brighter. Recently,
  - 58 million pounds of imported chocolate were purchased by Americans for Valentine’s Day
  - 611 million pounds of turkey meat and $238 million of cranberry preserves were exported in 2016.
  - $463.2 million worth of Christmas lights and $1.5 billion of Christmas ornaments were imported into the U.S. in 2016.
  - 92 percent of Pacific Northwest Christmas Trees are exported out of the region, including to markets in Japan, China, Hong Kong, and The Philippines.

These are just a few examples of how global value chains create jobs and economic opportunities across this country.

As you prepare your report on TPA, and as you evaluate future trade agreements and policies, we encourage you to view these through the lenses of global value chains to assess their impact on U.S. jobs and the U.S. economy.

Sincerely,

The U.S. Global Value Chain Coalition