

U.S. INTERNATIONAL TRADE COMMISSION

FY 2018 AT A GLANCE



Industry and Economic Analysis

WHAT WE DO

The USITC conducts research and analysis to support trade negotiators and policy decisionmakers. By maintaining the highest level of industry, economic, and regional trade expertise, the USITC is recognized for its independent research and analysis through objective and timely studies. While most of the USITC's formal research is conducted through its general factfinding investigations under section 332 of the Tariff Act of 1930, the agency's work in this area also includes probable economic effect investigations under the Trade Act of 1974 as well as other research initiatives.

HOW WE DO IT

Investigative teams for general factfinding and probable economic effect investigations typically include trade analysts, economists, and attorneys; nomenclature experts are sometimes part of these teams. Fact-gathering methods in USITC general factfinding investigations may include public hearings; written or phone 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; and the development and application of new and insightful analytical techniques. Members of Congress often testify at Commission hearings in general factfinding investigations to share the views and concerns of their constituents. USITC industry and economic analysis incorporates numerous analytical approaches, including statistical (econometric) and simulation analyses. The type of simulation analysis used varies, depending on the nature of the investigation, and ranges from single-sector (partial equilibrium) to multisector and multicountry (general equilibrium).

In order to support its general equilibrium modeling capabilities, the USITC uses both a global database and a more detailed (500 sector) database of the U.S. economy.

Among its mandates, the USITC conducts investigations to provide advice to the President on the probable economic effect of proposed modifications to free trade agreements. The Commission completed U.S.-Korea FTA: Advice on Modifications to Duty Rates for Certain Motor Vehicles during FY 2018.



At the request of the U.S. Trade Representative, the USITC completed *U.S. Trade and Investment with Sub-Saharan Africa: Recent Developments* during FY 2018

KEY REPORTS RELEASED IN FY 2018

- **U.S.-Korea FTA: Advice on Modifications to Duty Rates for Certain Motor Vehicles**, Inv. No. TA-103-031, USITC Publication 4791, June 2018 (conducted at the request of the U.S. Trade Representative)
- **U.S. Trade and Investment with Sub-Saharan Africa: Recent Developments**, Inv. No. 332-564, USITC Publication 4780, April 2018 (conducted at the request of the U.S. Trade Representative)
- **Trade Authorities Extension: Economic Impact of Trade Agreements Implemented under the Bipartisan Trade Act of 2015**, Inv. No. 332-566, USITC Publication 4792, May 2018 (required by section 103(c)(3)(B) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015)
- **Generalized System of Preferences: Possible Modifications, 2017 Review**, Inv. No. 332-567, USITC Publication 4827, September 2018 (conducted at the request of the U.S. Trade Representative)
- **The Year in Trade 2017**, USITC Publication 4817, August 2018
- **Shifts in U.S. Merchandise Trade, 2018**, Inv. No. 332-345, USITC Publication 4829, September 2018
- **Recent Trends in U.S. Services Trade, 2017 Annual Report**, Inv. No. 332-345, USITC Publication 4789, June 2018





General Factfinding Investigations

Under section 332 of the Tariff Act of 1930, the USITC conducts general investigations on any matter involving tariffs or international trade.

USITC general factfinding investigations are usually conducted at the request of the U.S. Trade Representative, the U.S. House of Representatives' Committee on Ways and Means, or the U.S. Senate's Committee on Finance. The resulting reports convey the Commission's objective findings and independent analyses on the subjects investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the USITC submits its findings and analyses to the requester. General factfinding investigation reports are subsequently released to the public, unless they are classified by the requester for national security reasons.

Probable Economic Effect Investigations

Under section 131 of the Trade Act of 1974, at the request of the President, the USITC provides advice to the President regarding the probable economic effects of the modification of a tariff or nontariff measure on industries producing like or directly competitive articles and on consumers. The USITC generally provides this advice before the President enters into trade negotiations.

Under section 105(a)(2)(B)(i)(III) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, the USITC assesses the probable economic effects of a tariff reduction on certain import sensitive agricultural products on the U.S. industry producing the product concerned and on the U.S. economy as a whole. If required, the USITC generally provides this assessment at the same time it provides advice under section 131 of the Trade Act of 1974.

Under section 105(c) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, the USITC provides the President and Congress with a report that assesses the likely impact on the U.S. economy as a whole, specific industry sectors, and U.S. consumers of a trade agreement with one or more foreign countries. The USITC provides this report after the President has entered into the agreement and as part of the process under which Congress considers and approves a trade agreement and enacts any necessary implementation legislation.



At the request of the U.S. Trade Representative, the USITC launched three investigations during FY 2017 to examine uses of new digital technologies for U.S. firms and the impact of foreign policy barriers to digital trade on the competitiveness of U.S. firms in international markets. The first report, *Global Digital Trade 1: Market Opportunities and Key Foreign Trade Restrictions*, was completed in September 2017. The second and third reports, which will be confidential, will be completed in FY 2019.

Other Research Initiatives

Under section 1205 of the Omnibus Trade and Competitiveness Act of 1988, the USITC is responsible for reviewing the Harmonized Tariff Schedule of the United States (HTS) and for recommending to the President modifications that it considers necessary or appropriate to conform the HTS with amendments to the global Harmonized System Convention.

Staff Products

USITC staff produce a variety of staff products that are intended to keep the Commission and trade policymakers in Congress and the executive branch informed of the latest developments in the international trade arena. These staff publications represent the views of the individual staff authors and are not the views of the Commission or of any individual Commissioner. Items of this genre include staff research papers and short briefing papers known as Executive Briefings on Trade.

In addition, USITC staff in the Offices of Economics and Industries produce working papers and USITC economists publish research notes, which are available to their peers and the public through the USITC's Internet site. Staff also occasionally prepare Industry and Trade Summary reports on select products, which include information on product uses, U.S. and foreign producers, and customs treatments of the products being studied; they also analyze the basic factors bearing on the competitiveness of the U.S. industry in domestic and foreign markets. Staff also author articles on matters related to international trade that appear in *The Journal of International Commerce & Economics*, a web-based journal.