



Highlights of [GAO-07-919](#), a report to congressional requesters

TRADE ADJUSTMENT ASSISTANCE

Industry Certification Would Likely Make More Workers Eligible, but Design and Implementation Challenges Exist

Why GAO Did This Study

Trade Adjustment Assistance (TAA) is the nation's primary program providing job training and other assistance to manufacturing workers who lose their jobs due to international trade. For workers to receive TAA benefits, the Department of Labor (Labor) must certify that workers in a particular layoff have lost their jobs due to trade. Congress is considering allowing entire industries to be certified to facilitate access to assistance.

GAO was asked to examine (1) trends in the current certification process, (2) the extent to which the proposed industry certification approach based on three petitions certified in 180 days would increase eligibility and identify potential challenges with this approach, and (3) the extent to which an approach based on trade remedies would increase eligibility and identify potential challenges. To address these questions, GAO analyzed data on TAA petitions, mass layoffs, trade, production, and trade remedies. GAO also interviewed Labor and ITC officials.

GAO is not making recommendations at this time.

Labor reviewed the report and did not provide comments. The ITC provided technical comments that have been incorporated as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-07-919.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

What GAO Found

During the past 3 fiscal years, Labor certified about two-thirds of TAA petitions investigated and generally processed petitions in a timely manner. Labor certified 4,700, or 66 percent, of the 7,100 petitions it investigated from fiscal years 2004 to 2006. Labor took on average 32 days to make a certification decision and processed 77 percent of petitions within the required 40-day time frame. According to Labor officials, they were not always able to meet the 40-day time frame because they sometimes did not receive information from company officials in a timely manner. In fiscal year 2006, 44 percent of the petitions that Labor denied were because workers were not involved in the production of an article.

An industry certification approach based on three petitions certified in 180 days would likely increase the number of workers eligible for TAA but presents some design and implementation challenges. However, the extent of the increase in eligible workers depends on the additional criteria, if any, industries would have to meet to be certified. From 2003 to 2005, 222 industries had three petitions certified within 180 days. Based on our analysis of 69 of these industries for which we could obtain complete data, the number of eligible workers in these industries could more than double if no additional criteria were used, but would expand by less than 10 percent if industries had to meet more restrictive criteria, such as demonstrated increases in the import share of the domestic market over a 3-year period. Designing the criteria presents challenges due to the possibility of making workers who lose their jobs for reasons other than trade eligible for TAA. Implementation challenges include notifying all workers of their potential eligibility, verifying their eligibility, and linking them with services.

Using trade remedies to certify industries could also expand eligibility for workers in some industries, but challenges exist. While basing industry certification on trade remedies could expand eligibility in areas where there have been no TAA petitions, some trade remedies are for products already covered by TAA petitions, such as iron and steel products. It is difficult to estimate the extent of the impact on worker eligibility because trade remedies are applied to specific products, and data on unemployment by product do not exist. This approach presents many of the same challenges as industry certification based on three petitions certified in 180 days. For example, workers who did not lose their jobs due to international trade could be made eligible for TAA because trade remedy investigations are not focused on employment. In addition, verifying workers' eligibility may be particularly challenging due to the narrow product classifications of some trade remedy products, such as carbazole violet pigment 23. In companies that make multiple products, it may be difficult to identify which specific workers made the product subject to trade remedies.