

United States International Trade Commission



Budget Justification
Fiscal Year 2007

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Alphabetical Listing of Abbreviations

AD	Antidumping	GATT	General Agreement on Tariffs and Trade
AGOA	African Growth and Opportunity Act	GC	Office of the General Counsel
CAFC	Court of Appeals for the Federal Circuit	GPRA	Government Performance and Results Act
CIO	Office of the Chief Information Officer	GSP	Generalized System of Preferences
CIT	Court of International Trade	HR	Office of Human Resources
CMS	Content Management System	HSPD-12	Homeland Security Presidential Directive 12
Commerce	Department of Commerce	HTS	Harmonized Tariff Schedule of the United States
Commission	United States International Trade Commission	HTSA	Harmonized Tariff Schedule of the United States Annotated
CSRS	Civil Service Retirement System	IT	Information Technology
Customs	U.S. Customs and Border Protection	ITDS	International Trade Data System
CVD	Countervailing Duty	LAN	Local Area Network
DataWeb	Interactive Tariff and Trade DataWeb	NAFTA	North American Free Trade Agreement
EDIS	Electronic Document Imaging System	NSI	National Security Information
EPP	Enterprise Portal Project	OIG	Office of Inspector General
FAIR Act	Federal Activities Inventory Reform Act	OMB	Office of Management and Budget
FDI	Foreign Direct Investment	OPM	Office of Personnel Management
FERS	Federal Employees Retirement System	SSA	sub-Saharan Africa
FISMA	Federal Information Security Management Act	USTR	United States Trade Representative
FTA	Free Trade Agreement	WTO	World Trade Organization
FY	Fiscal Year		
GATS	General Agreement on Trade in Services		

Fiscal Year 2007 Budget Justification for the U.S. International Trade Commission



General Statement

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 allegedly 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

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

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 meet more effectively 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 FY 2007 Annual Performance Plan (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 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 frequently contribute to activities in more than one operation.

Fiscal Year 2007 Budget Highlights

For FY 2007, the Commission requests \$64,200,000 to support its authorized operations. The FY 2007 request represents a 3.1 percent increase over the net FY 2006 appropriation of \$61,950,500 (appropriated level of \$62,752,000 minus two rescissions of \$175,700 and \$625,800). The Commission's Expenditure Plan for FY 2006 totals \$64,145,200. This includes the Commission's FY 2006 authorized level and a carryover from prior years of \$2,194,716.

The Commission's FY 2007 request of \$64,200,000 essentially freezes total obligations at FY 2006 levels. Unlike FY 2006, the Commission does not anticipate a significant carryover to help fund the FY 2007 expenditure plan. While total Commission obligations will essentially be unchanged in FY 2007, the Commission will absorb approximately \$1,385,000 of higher personnel compensation and benefits costs for Commission staff by reducing nonpersonnel expenses by a comparable amount.

Increased salary and benefits costs are primarily attributed to an expected 2007 Federal pay raise and a continuing shift in retirement program costs from the Civil Service Retirement System (CSRS) to the Federal Employees Retirement System (FERS). Nonpersonnel costs are expected to decrease because of lower service and equipment costs. Lower service costs are the result of the completion of the implementation phase of major projects begun in prior years in the Information Technology (IT) and Human Resource (HR) areas. As projects are completed or implemented, the cost to the Commission is reduced to maintenance level. Similarly, equipment costs are declining as the Commission completes IT projects that required significant initial equipment expenditures.

The Commission's FY 2007 Budget Request consists of salaries (57 percent), benefits (13.8 percent), support services (12 percent), rent (10 percent), and other (7.2 percent). (See Obligations: Dollar Cost Comparison By Object Classification, p. 62.) 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.

Flexible Staffing Practices in Response to Variations in Commission Caseload

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. All three of the Commission's major investigative operations are expected to be at elevated levels during FY 2007, compared to historical averages.

Overall activity levels throughout the Commission 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. Transition sunset reviews reached sustained high levels in FY 2005 and will remain at those levels through midyear FY 2007. Increased activity due to transition sunset reviews requires increased resource allocation, including the transfer of resources from other areas, on a cyclical basis.

As a result of the second round of transition sunset reviews, the average number of active import injury investigations per month has increased from FY 2004 to FY 2005 and is expected to remain at that elevated level through midyear FY 2007. While the import injury caseload has peaked as expected, and that level of elevated caseload will continue through midyear FY 2007, a 50 percent decline in new AD/CVD investigations in FY 2005 alleviated the staffing pressure somewhat and allowed the Commission to meet the overall increase in caseload with internal reassignments. The increase in term employment that had been expected proved unnecessary. This was one of the reasons for the Commission's higher than normal surplus in FY 2005 and the subsequent downward adjustment in its FY 2006 appropriation request. The FY 2007 request assumes a gradual increase in new filings consistent with the historical average, but does not provide for increased term appointments.

For intellectual property-based import investigations, new filings surged in FY 2005 and the number of active cases per month was above 30 for more than half of the year. 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 additional positions consisted of a fourth administrative law judge, several patent attorneys, and office support staff. These positions were added without increasing the overall staffing levels at the Commission.

At the same time, requests for Industry and Economic Analysis investigations, especially expedited resource-intensive studies related to bilateral agreements, have been at elevated levels in the last few years. Many of these investigations result in the production of National Security Information (NSI) classified materials that are more costly to process and make timely collaboration more difficult. While the caseload remains high in this area, discretionary activity has been curtailed to facilitate reassignments to the import injury area to assist with transition sunset reviews.

FY 2007 Cost Increases Linked to Salaries and Benefits Costs

All of the Commission cost increases in FY 2007 are due to salaries and benefits of Commission employees. While the Commission's staffing plan will not increase in FY 2007, permanent salary costs are expected to increase by 3.1 percent. This increase is due to three factors: (1) the expected Federal pay raise, (2) an increase in on-board staffing levels (lower vacancy rate) compared to FY 2006, and (3) within-grade increases and promotions.

Benefits costs are expected to increase by more than six percent in FY 2007. Most benefits costs are associated with retirement programs which are increasing due to increased salaries and changes in the composition of the workforce. Increasing numbers of Commission employees are retiring and the Commission's cost of retirement programs for new employees is significantly higher than for older employees. Employees hired before 1984 for the most part participate in the CSRS. The Office of Personnel Management (OPM) provides about two-thirds of the retirement costs of the CSRS employees; the Commission only pays 8.45 percent of salary. Employees hired after 1984 are covered

by the FERS. The Commission pays the full cost of FERS retirement benefits, which is currently 23.35 percent of salary. As the Commission loses CSRS employees to retirement and replaces them with new FERS employees, the retirement benefits cost for each employee increases from 8.45 to 23.35 percent of their salary. The cumulative effect of the increasing proportion of FERS staff by itself is an increase in benefits costs between \$200,000 and \$300,000 per year.

In addition to the increase in retirement benefits costs, health insurance costs, which constitute about 22 percent of total benefits costs, have increased by more than 10 percent in each of the last two years and are projected to increase at that rate in FY 2007.

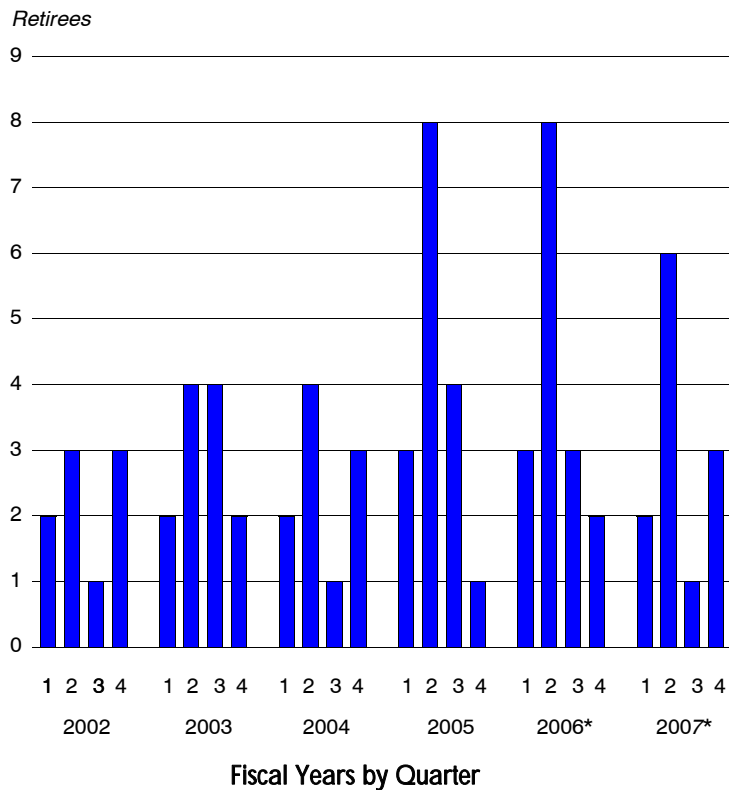
Expenditure Plans and Changes in Staffing Levels

The Commission's Expenditure Plan for FY 2006 totals \$64,145,200. This includes the Commission's net FY 2006 appropriation and an FY 2005 carryover of \$2,194,716. The FY 2005 carryover was unusually high due to lower than projected personnel costs and lower than expected term employment costs in FY 2005. Personnel costs were lower due to an unusually high vacancy rate (above 10 percent). The Commission notified the Appropriations Committees on May 21, 2005 that its FY 2006 request should be lowered by \$2,750,000 due to a projected larger than normal FY 2005 carryover and lower term employment costs continuing through FY 2007.

The Commission normally has a carryover of \$500,000 or less and historically has had vacancy rates that average between 5 and 7 percent, but vacancy rates have increased in the last few years. The high vacancy rate during FY 2005 was attributable to two events: (1) increased retirements and (2) delays in filling vacancies. As a result, permanent employment costs were significantly below FY 2005 funded levels and FY 2006 and FY 2007 cost estimates were lowered. Retirements increased from nine in

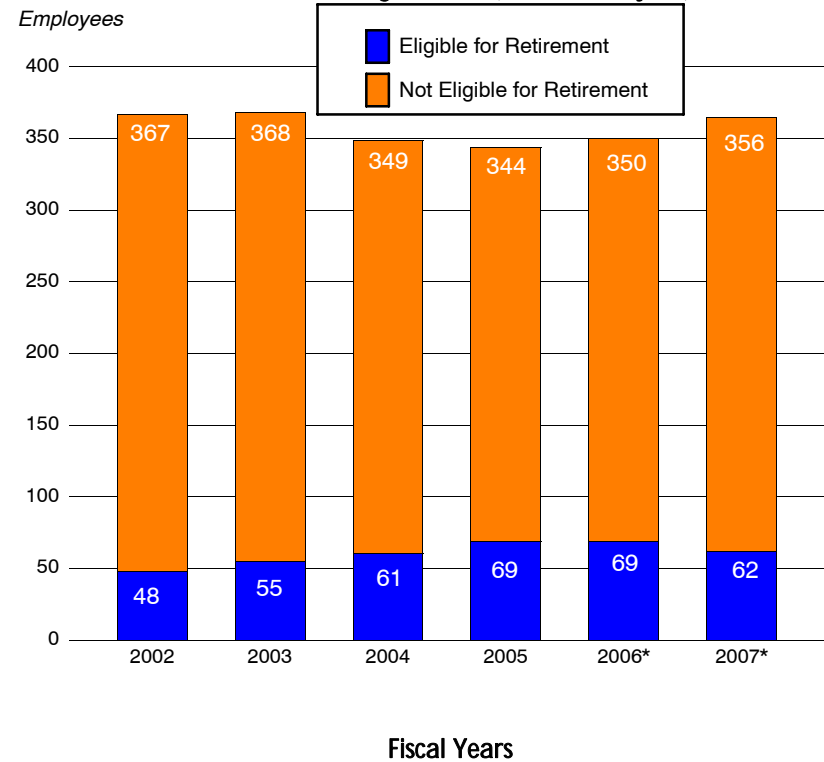
FY 2002 to 16 in FY 2005 (see Figure 1), as the number of employees eligible to retire increased from 48 in FY 2002 to 69 in FY 2005 (see Figure 2). Thus, both the number of retirements, and the percentage of those eligible who actually did retire, increased sharply. The increased retirements began in earnest in the second quarter of FY 2005 (the end of the leave year) and surged again in the second quarter of FY 2006. (See Figure 1.) Retirements are expected to decline in FY 2007 as the number of eligible retirees drops to 62. (See Figure 2.)

Figure 1
Number of Retiring Employees



* Estimates for FY 2006 3rd and 4th quarters and FY 2007.

Figure 2
Total ITC Workforce and Retirement-Eligible Staff (end of fiscal year)



* Estimate.

The vacancy rate increase brought on by this retirement increase persisted, in large part, due to delays in filling a number of vacancies pending final approval of the Commission's future staffing plan and the organizational changes incident to the approval of that plan. Several of the Commission's larger offices (the Office of the Chief Information Officer (CIO) and the Office of Industries) were under new management, and the positions in those offices were restructured. The new managers were reluctant to fill vacancies until such time as the long term Human Capital Staffing Plan had been approved. That plan was approved in the spring of 2005 and recruitment efforts are underway to fill most positions that are currently vacant. While the Commission's long term staffing plan calls for fewer permanent staff positions, a declining vacancy rate in FY 2007 should result in more occupied positions than in either FY 2005 or FY 2006. The FY 2007 appropriation request assumes that the Commission will gradually reduce its vacancy rate to historical norms.

The Commission's original FY 2006 request included \$1.0 million for term employees to meet the cyclical transition sunset workload increase. The decline in new import injury cases allowed the Commission to meet the transition sunset workload without hiring additional term staff. As a result, Commission term expenses were reduced by \$410,000 in FY 2005. This reduction contributed to the FY 2005 carryover. In addition, the Commission decision to limit the number of term appointments allowed it to reduce term costs by \$750,000 for FY 2006 and eliminate them entirely for FY 2007.

President's Management Agenda

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. The Commission continues to use performance management principles to shape resource allocation. 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 Office of Management and Budget (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 Management of Human Capital. 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

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 services, certain editing and publishing services, mailroom and general labor services, cleaning and building maintenance services, and security services. More than ten 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 project management and advisory services, through private sector competition. Permanent staff are devoted to core Commission investigative functions and recurring support activities where the cost of outsourcing is less competitive. In October 2005 the Commission placed the annual comprehensive list of commercial activities on its website, consistent with the FAIR Act. The Commission continues to evaluate competitive alternatives and efficient service contracting options to maximize efficiency and minimize cost.

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 specialists have an excellent record for ensuring competition whenever the Commission seeks goods or services from the private sector, as demonstrated by local area network (LAN) and website re-engineering acquisitions. Multiple viable proposals for each project were submitted and analyzed, ensuring the successful completion of each project at a reasonable cost. The Commission routinely makes competitive awards for consulting services regarding information security and information technology, preparation of financial statements, audit services, strategic planning, and human capital planning.

Improved Financial Performance

The Chairman leads the Commission on administrative matters, including financial management and budget 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. For example, the Commission notified the Appropriations Committees on May 21, 2005 that its FY 2006 request should be lowered by \$2,750,000 due to a projected larger than normal FY 2005 carryover and anticipated lower term employment costs in FY 2006.

The Commission strives to present an accurate request for necessary resources while minimizing its appropriation request. 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 2005. For the second 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 other nonpersonnel costs in recent years. Staffing levels have been reduced by 20 percent in the last 10 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, and staffing levels in that office have been reduced by 45 percent since FY 1996.

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

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 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. 69; Workyears: Comparison by Operation, p. 70; Budget Summary by Operation, p. 71; and Direct/Indirect Cost by Operation, p. 72.) The Commission also presents data according to budget object classification. (See Obligations: Dollar Cost Comparison by Object Classification, p. 62, and Analysis of Change: Obligations, Expenditure Plans, p. 65.)

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 2007 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 2005 was presented to Congress in the FY 2005 Performance and Accountability Report in accordance with OMB guidance and as required by the Accountability of Tax Dollars Act of 2002.

Expanded Electronic Government

The Commission considers the e-Government goals of the President's Management Agenda when high level objectives are established during the initiation phase of every major IT project and in the Commission's investment review process. In recent years, the Commission has committed significant resources to e-Government initiatives such as the Electronic Document Imaging System (EDIS), the Interactive Tariff and Trade DataWeb (DataWeb), and website redesign.

During FY 2005 the Commission began development of an Enterprise Portal Project (EPP). The EPP is a multiyear project that takes an agencywide approach to managing the increasing amount of web-based content that is needed by internal and external e-Government customers, and which currently originates from a number of non-integrated websites and web-enabled software applications and/or databases. The functionality that the EPP provides will ensure that the Commission is able to meet current gaps in e-Government performance and have the technical flexibility and scalability to meet future requirements from internal and external customers.

In addition, the Commission has made significant progress in several OPM and OMB sponsored e-Government initiatives. The Commission has implemented e-Quip, the OPM e-Government initiative to streamline the investigation process for an employee's security clearance. In FY 2006 the Commission will implement the Enterprise Human Resources Integration which will eliminate the paper Official Personnel Folders and allow employees, managers, and the HR personnel to view employment records online. Additionally, in FY 2006 the Commission, as a part of the Recruitment-One-Stop initiative, will implement Quickhire, which will automate our staffing process

and allow us to meet the requirements of the OPM 45-Day Hiring Model and the Pledge to Applicants. In FY 2006, following the lead of the Department of Interior, the Commission will implement and integrate the requirements of the HR Line of Business which will standardize and modernize core personnel transaction processing across the Federal government.

Human Capital Management

Progress continues to be made on implementation of the the Commission's Strategic Human Capital Plan, which outlines the strategies that the Commission will use to address the significant human capital issues it will face over the next three to five years. The plan outlines specific strategies to (1) create and sustain an organizational culture that supports high performance, (2) attract and retain a high-performing workforce with the needed technical and professional skills, (3) continuously develop workforce skills in line with changing Commission requirements, and (4) allocate human resources across organizational components to respond efficiently to changing workload requirements.

The Commission has begun work to achieve the goals outlined in the plan. To be successful in the future, the Commission needs a workforce that properly balances technical expertise, flexibility, and new and enhanced skills. To ensure efficient allocation of human resources with these characteristics across organizational components, the Commission conducted a top-to-bottom position review of its four largest organizations: the Office of Operations, the Office of General Counsel, the Office of Administration, and the Office of the Chief Information Officer (CIO). From this review we determined the total number of positions needed in each office to support the agency's mission over the next three to five years.

To supplement the work already completed on the core occupations (international trade analyst, economist, and attorney), the Commission conducted skills analyses for management support positions and leadership. Based on the findings of those skills analyses, the Commission launched a leadership development program which focuses on the competencies needed to guide mission accomplishment at the agency.

The Commission continues to emphasize performance-based accountability for senior managers as the agency moves towards implementation of the innovative performance-based pay authorities in the Defense Authorization Act of 2004. During FY 2005 the Commission made significant strides in making meaningful distinctions in performance for both the Senior Executive Service and the staff and then used those performance assessments to make performance-based bonus decisions at all levels in the agency.

Fiscal Year 2007 Requested Appropriation Language for the U.S. International Trade Commission

Salaries and Expenses

“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, \$64,200,000 to remain available until expended.”

Operation 1: Import Injury Investigations

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.

A substantial majority of the Commission's import injury caseload consists 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. Operation 1 activity also includes trade remedy assistance advice to eligible small businesses regarding import injury investigations.

Antidumping and Countervailing Duty Investigations

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 compared to FY 2002-2004. Between July 2004 and March 2005, only one AD/CVD petition was filed. New filings have increased in recent months and the Commission projects a gradual continuing increase in FY 2007 in the direction of the historical average. In FY 2005 the Commission instituted seven preliminary and seven final AD/CVD investigations and completed six preliminary and 15 final investigations. Most notable among the final investigations completed were wooden bedroom furniture from China; frozen or canned warmwater shrimp and prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam; outboard engines from Japan; and live swine from Canada. Each of these cases involved between \$300 million and \$2.4 billion in subject imports.

The Commission projects a caseload of 12 preliminary and nine final investigations instituted and 12 preliminary and seven final investigations completed in FY 2006, and a caseload of 12 preliminary and nine final investigations, both instituted and completed, in FY 2007. (See Operation 1: Import Injury Investigations Caseload, p. 26.) The FY 2006 and FY 2007 estimates are lower than our historical average, but higher than the level in FY 2005. The estimates have been revised downward in response to the decline in new filings in FY 2005.

The Commission charged 23.8 workyears of direct labor to AD/CVD investigations in FY 2005, which accounted for approximately 28 percent of the 84.4 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office, p. 73.)

Sunset Reviews

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 review returned for the second round of reviews beginning late in FY 2004. The number of transition sunset reviews reached sustained high levels in FY 2005 and will remain at those levels through midyear FY 2007.

During FY 2005 the Commission instituted 42 sunset reviews. Eight 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 22 full reviews and 12 expedited reviews. The Commission completed ten full reviews and six expedited reviews during the year. (See Operation 1: Import Injury Investigations Caseload, p. 26.)

Sunset reviews are likely to account for the majority of the investigative activity in the import injury area in FY 2006 through midyear FY 2007. Since these reviews must be instituted five years after an AD/CVD order is issued or continued, the sunset caseload is known five years in advance. Approximately two-thirds of the reviews that will be conducted in FY 2006 and FY 2007 will be second-round transition sunset reviews. In addition, the Commission will conduct sunset reviews of certain orders issued after 1995 (nontransition reviews). 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. Thus, the peak second-round transition sunset workload for Commission staff began in the second half of FY 2005 and will continue through FY 2006 and the first half of FY 2007. If the recent lower level of new AD/CVD filings continues, permanent staffing levels should be sufficient to meet the peak second-round transition sunset workload.

In planning resource allocations for these second-round transition and nontransition 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 methodology to the scheduled reviews, the Commission anticipates institution of 17 full reviews and 1 expedited review in FY 2006. In FY 2007, the Commission expects to institute 8 full reviews and 6 expedited reviews. (See Operation 1: Import Injury Investigations Caseload, p. 26.)

The Commission charged 22.4 workyears of direct labor to sunset reviews in FY 2005, which accounted for approximately 27 percent of the 84.4 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office, p. 73.)

Other Import Injury Investigations

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.

A section 204 (end-of-relief evaluation) investigation on steel was completed in FY 2005. There have been no new global safeguard petitions filed under section 201 of the Trade Act of 1974 in the last four years. In FY 2005 the Commission instituted one investigation under the China safeguard provision. That case involved circular welded non-alloy steel pipe and was the sixth section 421 investigation in the last three years. The future level of activity in this area is uncertain. The Commission has issued four affirmative determinations but no relief has been provided by the President in any of these cases. In FY 2005 the Commission self-initiated a changed circumstances review under section 751(b) of the Tariff Act of 1930 concerning warmwater shrimp and prawns from India and Thailand. The Commission determined not to revoke that order. Changed circumstances reviews, whether filed by an interested party or self-initiated by the Commission, are fairly rare. The Commission received two remands involving reopened records in FY 2005 and anticipates receiving a limited number of remands involving reopened records in both FY 2006 and FY 2007. (See Operation 1: Import Injury Investigations Caseload, p. 26.)

Commission staff charged 3.5 workyears of direct labor to other import injury investigations in FY 2005, which accounted for approximately four percent of the 84.4 direct workyears charged to import injury investigations during that time. (See Workyears by Activity and Office, p. 73.)

Litigation

If an appeal challenging a Commission title VII determination is filed in the 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 Court of Appeals for the Federal Circuit (CAFC). If there is a dispute brought before the WTO involving a Commission import injury determination, GC assists USTR in defending that determination.

In FY 2005, 14 of the Commission's title VII determinations, involving either original investigations or sunset reviews, were the subject of new appeals to the CIT or the CAFC. In addition, two of the Commission's title VII determinations were brought before NAFTA panels. One dispute challenging the Commission's consideration of Commerce's dumping margins in sunset reviews was brought to the WTO for resolution during the year. During FY 2005 GC filed 24 major briefs and represented the Commission in 16 oral arguments in title VII appeals before U.S. courts and NAFTA panels. GC also prepared a number of filings and represented the Commission in a number of WTO disputes. As of December 31, 2005, appeals involving 25 Commission title VII determinations were pending at the CIT and the CAFC, and disputes involving eight different Commission determinations were pending before NAFTA panels. Disputes involving five different Commission determinations, as well as the Commission's application of Commerce's dumping margins in sunset reviews, were pending at the WTO.

The Commission charged 7.2 workyears of direct labor to import injury litigation before either domestic courts or international panels in FY 2005, which accounted for approximately nine percent of the 84.4 direct workyears charged to all import injury investigations during that time. (See Workyears by Activity and Office, p. 73.)

Resource Requirements and Workload for Import Injury Investigations

In the aggregate, Operation 1 utilized 39.4 percent of the Commission's resources in FY 2005 (see Dollar Cost: Comparison by Operation, p. 69), amounting to \$24.1 million (see Budget Summary by Operation, p. 71). In FY 2005 Operation 1 accounted for direct costs of \$10.5 million and 84.4 workyears. (See Operation 1: Import Injury Investigations Resource Requirements, p. 25.) In FY 2005 three offices together accounted for approximately 57 percent of the direct workyears. The Office of Investigations, the Office of the General Counsel, and the Office of Economics charged 24.6, 14.5, and 8.6 workyears, respectively, to this operation. (See Direct Labor Cost: Workyears and Dollars, p. 76.)

During FY 2005 the Commission instituted 53 grouped import injury investigations, including sunset reviews, and completed 41. The Commission projects that 44 investigations will be instituted and 54 will be completed in FY 2006, and that 40 will be instituted and 46 will be completed in FY 2007. (See Summary of Import Injury Investigations, p. 26.) As of December 2005, there were 23 active import injury investigations pending at the Commission. (See Import Injury Investigations Active, p. 26.)

In its Performance Plan for FY 2006 and FY 2007 (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 will develop the necessary tools for measuring the performance of EDIS in terms of the speed with which documents are made available for viewing. During FY 2006 the Commission plans to implement the next phase of the EDIS project and allow e-filing of certain confidential documents. During FY 2007 the Commission anticipates completion of that project with the provision of electronic access to the confidential records subject to protective order.

Operation 1: Import Injury Investigations Resource Requirements, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Category of Obligation	FY2005 Actual		FY2006 Estimate		FY2007 Estimate		FY2006-07 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	84	\$7,717	85	\$8,029	86	\$8,232	1	\$203
Personnel Benefits		1,316		1,396		1,483		87
Space Rental		1,427		1,456		1,517		61
Travel		55		63		64		1
Subtotal	84	\$10,515	85	\$10,944	86	\$11,296	1	\$352
B. Indirect Costs²								
Personnel Compensation	43	7,193	44	\$7,485	45	\$7,675	1	\$190
Personnel Benefits		1,479		1,569		1,666		97
Space Rental		720		734		765		31
Travel		192		252		255		3
Training		78		173		178		5
Other Services		3,113		3,059		2,553		(506)
Equipment and Communication		354		467		328		(139)
Supplies and Materials		213		292		312		20
Land and Structures		5		98		49		(49)
Printing and Reproduction		84		88		88		0
Miscellaneous		176		159		159		0
Subtotal	43	\$13,607	44	\$14,376	45	\$14,028	1	\$(348)
Grand Total	127	\$24,122	129	\$25,320	131	\$25,324	2	\$5

¹ Direct Costs include personnel costs, space rental, and travel.

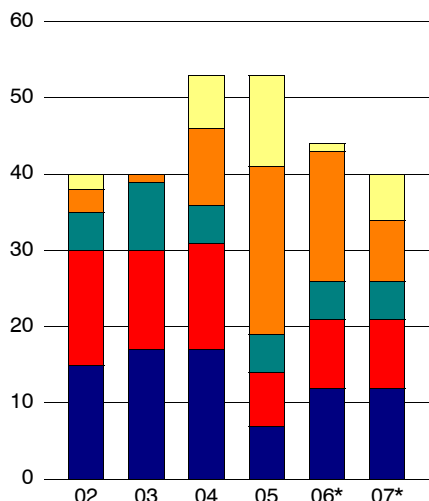
² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. Most indirect costs are allocated to operations according 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.

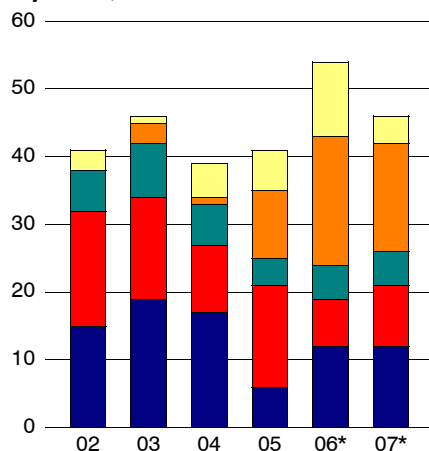
Operation 1: Import Injury Investigations Caseload

Summary of Import Injury Investigations, FY 2002-2007

Instituted, FY 2002-2007



Completed, FY 2002-2007



* Estimate

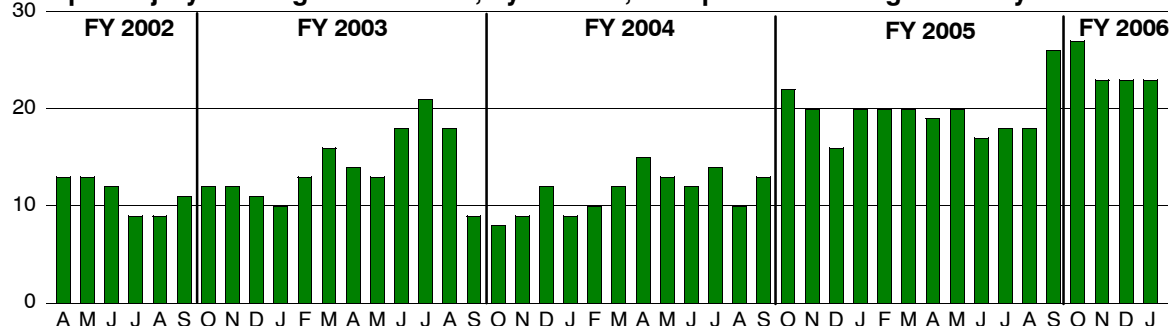
Type and status	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 estimate	FY 2007 estimate
Import Injury Investigations						
Instituted						
Preliminary title VII ¹	15	17	17	7	12	12
Final title VII ¹	15	13	14	7	9	9
Other ²	5	9	5	5	5	5
Full Sunset ³	3	1	10	22	17	8
Expedited Sunset ³	2	0	7	12	1	6
Total	40	40	53	53	44	40
Completed						
Preliminary title VII ¹	15	19	17	6	12	12
Final title VII ¹	17	15	10	15	7	9
Other ²	6	8	5	4	5	5
Full Sunset	0	3	1	10	19	16
Expedited Sunset	3	1	6	6	11	4
Total	41	46	39	41	54	46

¹ 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.

² Other includes section 201 Safeguard, section 204 Safeguard monitoring and evaluation, section 421 China Safeguard, remands with reopened records, and other investigations.

³ Does not include reviews that were terminated without Commission determination.

Import Injury Investigations Active, by months, for April 2002 through January 2006



Source: Office of Investigations.

Operation 2: Intellectual Property-Based Import Investigations

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 the Commission exclusion and/or cease and desist orders within 60 days of their issuance. Commission determinations may be appealed to the CAFC.

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 Procedure 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 Administrative Law Judges, 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 basis for allegations presented in section 337 complaints, develops evidence through discovery, and participates in trials. The determinations of the Administrative Law Judges 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 one-third of the active investigations and ancillary proceedings in FY 2005 concerned products in high technology areas, such as flash memory circuits, digital image storage and retrieval devices, digital processors, electric robots, network controllers, network communications systems for optical networks, and hand-held mobile computing devices. Several other investigations involved sophisticated technologies relating to items such as pharmaceuticals, rubber antidegradants used in vehicle tires, color television receivers and color display monitors, and point of sale terminals. Other section 337 investigations active during the year concerned foam masking tape, pool cues, weather stations, ink markers, and automotive fuel caps.

The Commission section 337 caseload reached historic highs in FY 2005. Caseload was already at elevated levels when new filings surged during the latter half of FY 2004. From FY 2002 through FY 2004, the number of active cases per month averaged in the low 20s. The number of active cases per month was above 30 for more than half of FY 2005. There were 57 section 337 investigations and ancillary proceedings active during FY 2005. This includes 25 investigations instituted in FY 2005 on the basis of new complaints of violations of the statute, four new ancillary proceedings relating to prior investigations, as well as 28 investigations and ancillary proceedings that carried over from FY 2004. This level of activity constitutes more than a 35 percent increase over the number of investigations and ancillary proceedings that were active in FY 2002. The Commission section 337 caseload is expected to remain heavy in both FY 2006 and 2007. As a result of this increased investigative caseload, appellate litigation is also expected to increase. Operation 2 activity also includes trade remedy assistance advice to eligible small businesses regarding intellectual property-based import investigations. Commission staff spent 39.6 workyears on intellectual property-based investigations and litigation in FY 2005. (See Workyears by Activity and Office, p. 73).

Resource Requirements and Workload for Intellectual Property-Based Import Investigations

In the aggregate, Operation 2 utilized 18.1 percent of the Commission resources in FY 2005, (see Dollar Cost: Comparison by Operation, p. 69) amounting to \$11.1 million (see Budget Summary by

Operation, p. 71). In terms of direct costs, Operation 2 accounted for \$6.0 million in FY 2005, with 40 workyears charged to it. (See Intellectual Property-Based Import Investigations Resource Requirements, p. 31.) Offices charging direct workyears to this Operation in FY 2005 included the Office of Unfair Import Investigations (14.2 workyears), the Office of the Administrative Law Judges (8.5 workyears), and the Office of the General Counsel (7.6 workyears). (See Direct Labor Cost: Workyears and Dollars, p. 76.)

The Commission projects that approximately 25 new investigations and ancillary proceedings will be instituted in both FY 2006 and FY 2007. During FY 2005 the Commission completed 28 investigations and ancillary proceedings. The Commission projects the completion of approximately 25 investigations and ancillary proceedings in both FY 2006 and FY 2007. (See Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, p. 32.) In December 2005 there were 30 active section 337 proceedings pending at the Commission. (See Intellectual Property-Based Import Investigations and Ancillary Proceedings Active, p. 32.) In FY 2005 the Commission charged 26.5 workyears to intellectual property-based investigations. (See Workyears by Activity and Office, p. 73.)

As of the end of FY 2005, 14 appeals of section 337 determinations were pending before the CAFC. Six other appeals were litigated to completion or voluntarily dismissed by appellants during FY 2005. The number of active appeals of section 337 determinations during FY 2005 increased by approximately 49 percent over the number for FY 2004. The number of appeals currently pending reflects the increased section 337 investigative caseload that the Commission has experienced in recent years. In FY 2005 the Commission charged 3.2 workyears to section 337 appellate litigation. (See Workyears by Activity and Office, p. 73.)

In its Performance Plan for FY 2006 and FY 2007 (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 more expeditiously, increase the effectiveness of the agency orders, and enhance 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. During FY 2005 the Commission sent out a survey to complainants who obtained exclusion orders that were still in effect inquiring as to the effectiveness

of those orders. The Commission will 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 will develop the necessary tools for measuring the performance of EDIS in terms of the speed with which documents are made available for viewing. Additionally, during FY 2006 the Office of the CIO plans to implement the next phase of the EDIS project and allow e-filing of certain confidential documents. During 2007 the Commission anticipates completion of that project with the provision of electronic access to confidential records subject to protective order.

Operation 2: Intellectual Property-Based Import Investigations Resource Requirements, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Category of Obligation	FY2005 Actual		FY2006 Estimate		FY2007 Estimate		FY2006-07 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	40	\$4,350	41	\$4,528	42	\$4,645	1	\$117
Personnel Benefits		767		814		865		51
Space Rental		908		923		961		38
Travel		29		35		36		0
Subtotal	40	\$6,054	41	\$6,300	42	\$6,507	1	\$206
B. Indirect Costs²								
Personnel Compensation	23	1,786	24	\$1,859	25	\$1,906	1	\$47
Personnel Benefits		382		406		432		26
Space Rental		406		411		430		19
Travel		68		82		83		1
Training		43		94		96		2
Other Services		1,919		1,912		1,674		(238)
Equipment and Communication		204		270		202		(68)
Supplies and Materials		112		154		164		10
Land and Structures		3		52		26		(26)
Printing and Reproduction		44		46		46		0
Miscellaneous		92		84		84		0
Subtotal	23	\$5,059	24	\$ 5,370	25	\$5,143	1	\$(227)
Grand Total	63	\$11,113	65	\$11,670	67	\$11,650	2	\$(21)

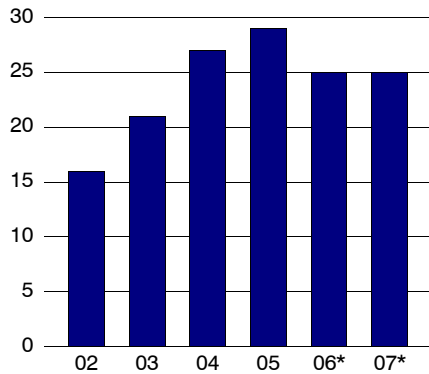
¹ Direct Costs include personnel costs, space rental, and travel.

² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. 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.

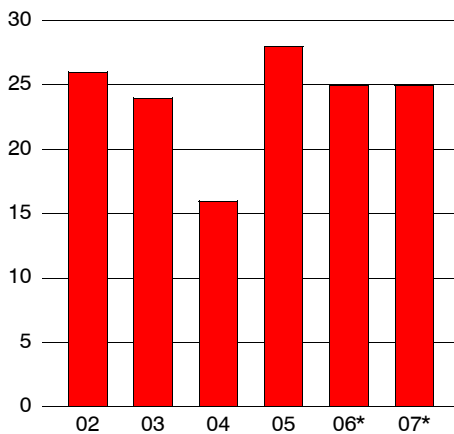
Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 2: Intellectual Property-Based Import Investigations Caseload

Instituted, FY 2002-2007



Completed, FY 2002-2007

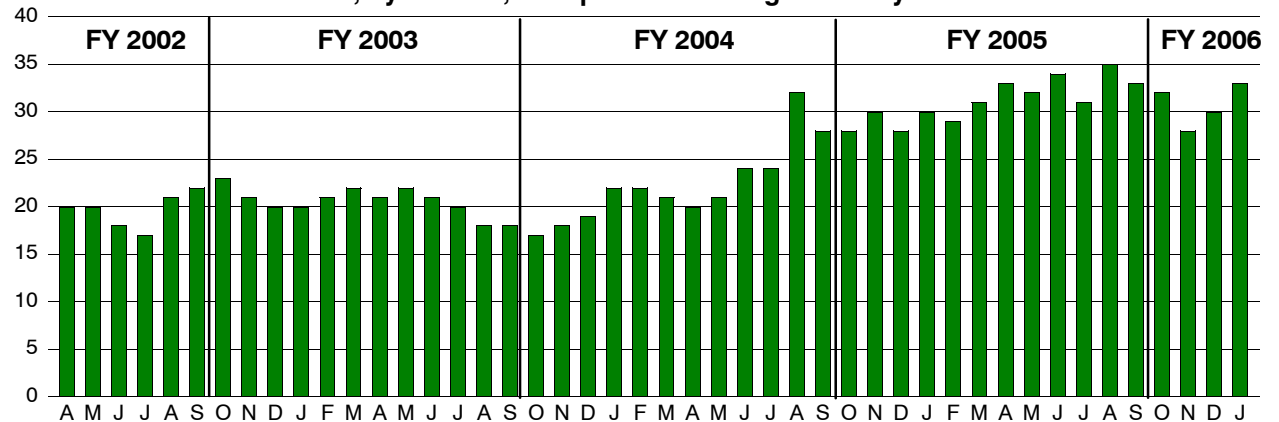


* Estimate

Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, FY 2002-2007

Status	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 estimate	FY 2007 estimate
Instituted	16	21	27	29	25	25
Completed	26	24	16	28	25	25

Intellectual Property-Based Import Investigations and Ancillary Proceedings Active, by months, for April 2002 through January 2006



Source: Office of Unfair Import Investigations.

Operation 3: Industry and Economic Analysis

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 permitted or required under certain statutes. These requests result in official investigative reports that present Commission analysis and findings on the requested topic. In Other Industry and Economic Analysis, the Commission's industry and economic experts conduct 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 both Operations 1 and 3, and often culminate in published staff papers and articles.

Statutory Investigations

Statutory Investigations conducted by the Commission fall into three broad categories: industry and economic analysis investigations regarding trade, tariff, and competitiveness issues; sector-specific probable economic effect investigations; and economywide and sectoral assessments of free trade agreements. 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 review; and 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 40.3 workyears to statutory investigations in FY 2005. (See Workyears by Activity and Office, p. 73).

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 Ways and Means Committee, or the Senate Finance Committee 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 conducted on specific countries or regions with respect to economic and trade activities as specified by the requestor;
- monitoring 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 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 2004: Operation of the Trade Agreements Program** (Pub. 3779; July 2005). 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 completed a number of industry and economic analysis investigations during FY 2005 that covered a diverse range of topics, including:

- **Foundry Products: Competitive Conditions in the U.S. Market**, Inv. No. 332-460 (Pub. No. 3770; May 2005). The report, as requested by Congress, provides an overview of the global foundry industry and U.S. market during 1999-2003, including principal metals and casting

methods, production steps, technology, and factors of competition affecting the industry's performance and competitiveness. A profile of the U.S. foundry industry examines business trends and practices, financial performance, factors of production, and policies that affect domestic producers. The report addresses purchasing patterns and practices of downstream industries and examines the principal metal foundry industries together with an analysis of 10 selected iron-, steel-, aluminum-, and copper-based foundry products used by downstream industries. The report also examines significant foreign industries in Brazil, Canada, China, India, Korea, Mexico, and Taiwan.

- **The Impact of Trade Agreements Implemented Under Trade Promotion Authority**, Inv. No. 2103-001 (Pub. No. 3780; June 2005). The Trade Act of 2002 requires the Commission to submit a report to Congress on the economic impact on the United States of all trade agreements implemented since enactment of the Trade Act of 2002. The Commission report examines trade agreements with Singapore, Chile, and Australia.
- **Logistic Services: An Overview of the Global Market and Potential Effects of Removing Trade Impediments**, Inv. No. 332-463 (Pub. No. 3770; May 2005). As requested by USTR, the report provides an overview of the global logistic services industry, including major industry players, factors driving growth, and industry operations; examines trade and investment in selected logistic service markets; identifies existing impediments to the provision of international logistic services; and examines the potential effects of removing impediments on trade.
- **U.S. Trade and Investment with Sub-Saharan Africa, Fifth Report**, Inv. No. 332-415 (Pub. No. 3741; December 2004). As requested by USTR, the study assists the President in developing a comprehensive trade and development policy for the countries of sub-Saharan Africa (SSA). The report provides information and analysis on US-SSA trade and investment flows in major sectors; information on the African Growth and Opportunity Act (AGOA); a discussion of major developments in trade and economic policies significant to US-SSA bilateral trade and investment; an update on progress in regional integration in SSA; and a compilation of multilateral assistance, U.S. bilateral assistance, and trade-related initiatives related to SSA. The report also contains economic profiles for each of the 48 countries of SSA and sector profiles for six sectors: agriculture, fisheries, and forest products; chemicals; petroleum and energy-related products; minerals and metals; textiles and apparel; and certain transportation equipment.

- **Air and Noise Pollution Abatement Services: An Examination of U.S. and Foreign Markets**, Inv. No. 332-461 (Pub. No. 3761; April 2005) and **Remediation and Nature and Landscape Protection Services: An Examination of U.S. and Foreign Markets**, Inv. No. 332-454 (Pub. No. 3727; October 2004). These reports, as requested by USTR, are part of a series of investigations that examine a variety of industries providing environmental services. The reports focus on providing information that would be useful in conducting trade negotiations and environmental reviews. Both reports provide an overview of U.S. and foreign markets for such services, examine trade and investment in these markets, including barriers affecting trade and investment, and discuss the effects of existing regulatory practices on the provision of these services.
- **Commercial Availability of Apparel Inputs (2004)**, Inv. No. 332-458 (Pub. No. 3756; March 2005). As requested by the USTR, the Commission provides probable economic effects advice regarding the preferential treatment for apparel made in the AGOA, Caribbean Basin Trade Partnership Act, and Andean Trade Promotion and Drug Eradication Act beneficiary countries from fabrics or yarn, which allegedly cannot be supplied by the U.S. industry. In 25 separate reviews conducted during FY 2005, the Commission provided advice concerning such preferential trade treatment on affected producers, their workers, and consumers of such products.
- **Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2004 Review**, Inv. No. 332-466 (Pub. No. 3783; May 2005) and **Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2004 Special Review**, Inv. No. 332-467 (Pub. No. 3773; May 2005). As requested by USTR, the Commission provides advice concerning possible modifications to the U.S. Generalized System of Preferences (GSP). The Commission provides probable effect advice as to the addition of certain Harmonized Tariff Schedule (HTS) subheadings to the GSP, the probable effect of “competitive need limit” waivers on certain HTS subheadings, and the probable effect of the removal of certain HTS subheadings from the GSP.

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 free trade agreements (FTA) during FY 2005:

- **U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-19 and TA-131-030 (Confidential Report issued to USTR; February 2005)
- **U.S.-United Arab Emirates Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-15 and TA-131-31 (Confidential Report issued to USTR; February 2005)

Under section 103, the Commission conducted six rules of origin investigations related to NAFTA, the U.S.-Singapore FTA and the U.S.-Morocco FTA. The investigations included:

- **Probable Effect of Certain Modifications to the North American Free Trade Agreement Rules of Origin**, Inv. No. NAFTA-103-12 (Pub. No. 3802; September 2005).
- **Certain Textile Articles: Effects of Modifications of NAFTA Rules of Origin for Goods of Canada and Mexico**, Inv. No. NAFTA-103-7 and **Certain Textile Articles: Effect of Modifications of NAFTA Rules of Origin for Goods of Canada**, Inv. No. NAFTA-103-08 (Pub. No. 3729; October 2004).
- **Certain Sanitary Articles of Tri-Lobal Rayon Staple Fibers: Effects of Modifications of NAFTA Rules of Origin for Goods of Canada and Mexico**, Inv. No. NAFTA-103-9 (Pub. No. 3746; December 2004).

- **Effects of Modifications to the U.S.-Morocco Free Trade Agreement**, Inv. No. Morocco FTA-103-11 (Pub. No. 3774; April 2005).
- **Certain Yards and Fabrics: Effect of Modification of U.S.-Singapore FTA Rules of Origin for Goods of Singapore**, Inv. No. Singapore FTA-103-10 (Pub. No. 3783; May 2005).

Economywide and Selected Sectoral FTA Investigations

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 statute, the Commission completed one investigation assessing the likely economywide and selected sectoral impact of free trade agreements during FY 2005. **U.S.-Bahrain Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-15 (Pub. No. 3726; October 2004). Another study on the U.S.-Oman Free Trade Agreement has just been completed. **U.S.-Oman Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. 2104-19 (Pub. No. 3837; February 2006). In January 2006 USTR requested the Commission assess the likely economywide and selected sectoral impact of the proposed U.S.-Peru Free Trade Agreement.

Other Industry and Economic Analysis Activities

Industry and Economic Analysis activities includes 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 an extensive knowledge of the U.S. economy and have a high level of industry, regional, and economic expertise and frequently provide trade policymakers in the executive and legislative branches with 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 informal supporting activities are essential to maintaining staff knowledge, skills, and abilities. In FY 2005 Commission staff charged 12 workyears to these activities. (See Workyears by Activity and Office, p. 73.)

Staff publications include Industry and Trade Summaries, staff research papers, working papers, and research notes. Using these various reporting modes, staff produced 31 research articles and staff reports, and gave 38 presentations during FY 2005. 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. The Commission occasionally uses contract resources to supplement in-house resources and keep its modeling capabilities and databases current. Commission staff 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. During FY 2006 and FY 2007, for example, the Commission will examine the factors driving growth in U.S.-China bilateral trade over the last 10 years. An in-depth look at both incentives for foreign direct investment (FDI) flows into China and implications of these FDI flows for U.S.-China

trade would also provide an understanding of future growth trends and how they might affect U.S. industry. 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 and tracking sectoral and regional effects of trade policy changes.

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 is 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 2006 and 2007

During the first quarter of FY 2006, the Commission received a request from USTR for an assessment regarding the U.S.-Oman FTA (section 2104(f) of the Trade Act of 2002). Other investigations scheduled to be completed during FY 2006 cover topics such as analysis on the Doha Round, commercial availability of apparel inputs, special review on watches under GSP, and the U.S. fresh market for oranges and lemons. In FY 2006 and 2007, the Commission anticipates additional investigations related to the assessment of FTAs with Andean countries, Panama, and Thailand, and possibly Korea, Malaysia, Egypt, and Switzerland.

Resource Requirements and Workload for Industry and Economic Analysis

During FY 2005 the Commission completed 21 investigations and instituted 17 new investigations. The Commission projects institution of 17 new investigations in FY 2006 and 16 new investigations in FY 2007. (See Operation 3: Industry and Economic Analysis Caseload, p. 43.) These investigations

will come from scheduled WTO activity in services and other areas, continued emphasis on bilateral FTAs, and a continuing demand for industry specific investigations. Fifteen investigations were active during the first quarter of 2006 (including 8 recurring investigations).

In the aggregate, Operation 3 utilized 29.7 percent of the Commission's resources in FY 2005 (see Dollar Cost: Comparison by Operation, p. 69), amounting to \$18.2 million (see Budget Summary by Operation, p. 71). In terms of direct costs, Operation 3 accounted for \$10.5 million in FY 2005, with 79 workyears charged to it. (See Industry and Economic Analysis Resource Requirements, p. 42.) The Office of Industries, the Office of Economics, and the Office of the CIO together accounted for 73 percent of the direct workyears charged to this operation in FY 2005, with 41.3, 15.1 and 8.1 workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 76.) Studies produced under Operation 3 are conducted primarily by (1) industry analysts in the Office of Industries who specialize in commodity areas such as agriculture and forest products, textiles, electronics, transportation, chemicals, minerals and metals, and services; and (2) economists in the Office of Economics with regional or analytical specialties.

As reflected in its Performance Plan for FY 2006 and FY 2007 (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) conduct work on the analysis of productivity changes owing to new manufacturing processes in certain industries; (2) conduct 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 Resource Requirements, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Category of Obligation	FY2005 Actual		FY2006 Estimate		FY2007 Estimate		FY2006-07 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	79	\$7,894	82	\$8,222	83	\$8,436	1	\$214
Personnel Benefits		1,289		1,369		1,455		86
Space Rental		1,243		1,277		1,331		54
Travel		60		72		73		1
Subtotal	79	\$10,486	82	\$10,940	83	\$11,295	1	\$355
B. Indirect Costs²								
Personnel Compensation	47	2,418	48	\$2,519	48	\$2,585	0	\$66
Personnel Benefits		472		501		533		32
Space Rental		556		572		596		24
Travel		132		160		162		2
Training		81		182		187		5
Other Services		3,159		3,040		2,522		(518)
Equipment and Communication		359		469		369		(100)
Supplies and Materials		232		319		340		21
Land and Structures		5		107		54		(53)
Printing and Reproduction		92		95		95		0
Miscellaneous		192		173		173		0
Subtotal	47	\$7,698	48	\$8,139	48	\$7,616	0	\$(521)
Grand Total	126	\$18,184	130	\$19,079	131	\$18,911	1	\$(166)

¹ Direct Costs include personnel costs, space rental, and travel.

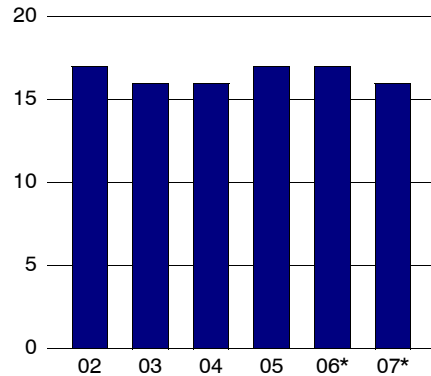
² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. Most indirect costs are allocated to operations according 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.

Operation 3: Industry and Economic Analysis

Investigations Caseload¹

Instituted, FY 2002-2007

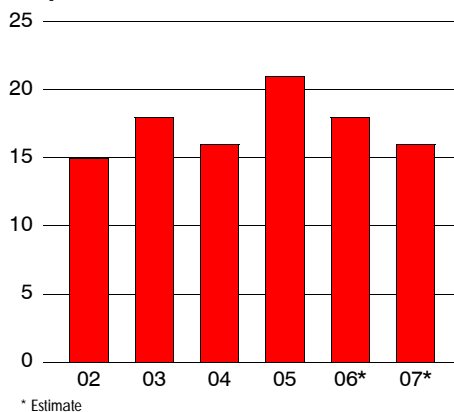


Summary of Investigations by Fiscal Year

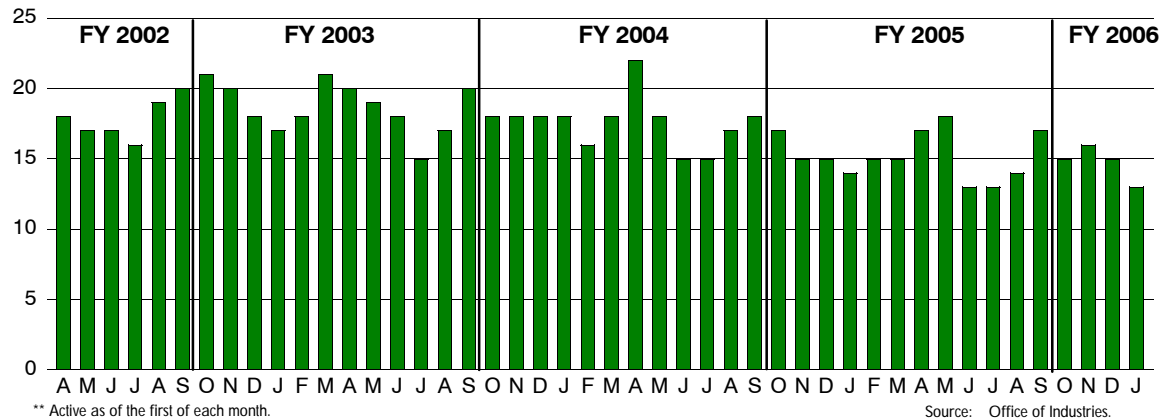
Status	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 actual	FY 2006 estimate	FY2007 estimate
Instituted	17	16	16	17	17	16
Active*	36	37	34	36	37	37
Completed	15	18	16	21	18	16

* Two investigations were inactive during FY 2002 through 2003 and three during FY 2004 through January 2005.

Completed, FY 2002-2007



Active Investigations by Month for April 2002 through January 2006**



¹ 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 4: Tariff and Trade Information Services

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 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)

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 U.S. Customs and Border Protection (Customs) to assess duties on imports, and by economists and industry analysts as a statistical tool for tracking imports. 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 currently chairs the Harmonized System Committee, and another 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 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 2005 a hard copy supplement, effective July 1, 2005, was issued primarily to reflect the annual GSP review. A supplement for the 2006 edition of the HTS will be issued, effective July 1, 2006. 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 5.1 workyears on the HTS and nomenclature activities in FY 2005. (See Workyears by Activity and Office, p. 73.)

Legislative Reports

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 that (1) provide tariff nomenclature and technical drafting assistance and (2) include revenue estimates for the Congressional Budget Office. The Commission staff routinely prepares such draft reports and

information on tariff bills in anticipation of Congressional consideration. The Commission spent 4.2 workyears on legislative reports during FY 2005. (See Workyears by Activity and Office - FY 2005, p. 73.) It is estimated that the number of workyears will increase substantially for FY 2006, as the House alone introduced more than 700 tariff bills. If the Senate introduces a similar number of bills, the workyears for FY 2006 could easily double. The extent of resources devoted to this activity in FY 2007 will depend largely on the number of new miscellaneous tariff bills introduced during the 110th Congress.

Interactive Tariff and Trade DataWeb (DataWeb)

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 usage has grown substantially from its inception in April 1999, increasing from 319,000 data reports in FY 2000 to more than 914,000 data reports in FY 2005 (see Figure 1 below). The system now has over 90,000 registered users and has delivered over 4.3 million data reports electronically. Although use by the general public has shown the most growth, U.S. government staff use the system extensively and account for 20 percent of the reports generated (see Figure 2 below). The continuation of this public service will ensure free DataWeb access to Government, foreign organizations, and the general public.

During FY 2006 the Commission will complete 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 \$500,000 and 2.5 workyears in both FY 2006 and FY 2007. Support and maintenance efforts for DataWeb are supplemented by contractors as part of the Commission's FAIR Act efforts.

Figure 1
DataWeb Performance FY 2000-2005

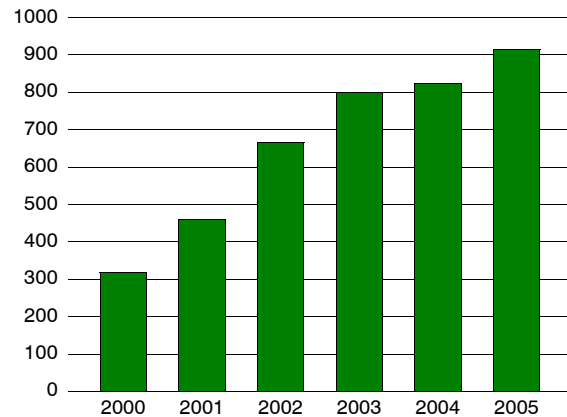
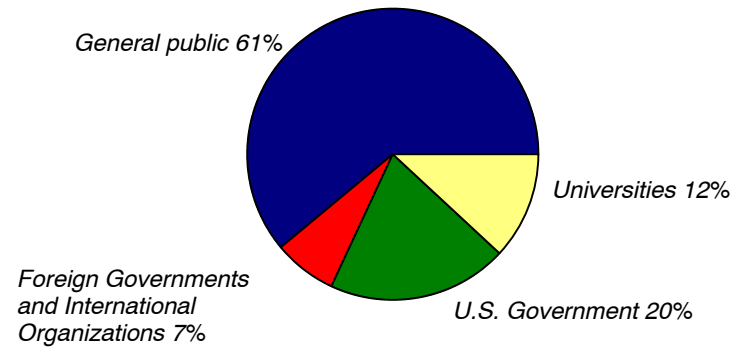


Figure 2
DataWeb Reports Generated
April 1999-November 2005



Source: Office of Operations

International Trade Data System (ITDS)

Commission staff participate 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, 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 Customs’ new automated processing system, ACE. 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

In the aggregate, Operation 4 utilized 5.5 percent of the Commission’s resources in FY 2005 (see Dollar Cost: Comparison by Operation, p. 69), amounting to \$3.4 million (see Budget Summary by Operation, p. 71). In terms of direct costs, Operation 4 accounted for \$2.1 million in FY 2005 with 14.0 workyears charged to it. (See Tariff and Trade Information Services Resource Requirements, p. 50.) 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 76 percent of the direct workyears charged to this operation in FY 2005 with 6.9 and 4.0 direct workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 76.)

In its Performance Plan for FY 2006 and FY 2007 (see attached), the Commission has set goals designed to improve its performance in providing tariff and trade information services. The Commission will seek to increase the utility of various tariff and trade information services by providing timely and effective nomenclature and other services to the legislative and executive branches primarily through design and context enhancements to its website and following up on user survey feedback. Information technology activities will play an important role in the Commission fulfilling its goals for the delivery of tariff and trade information services.

Operation 4: Tariff and Trade Information Services Resource Requirements, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Category of Obligation	FY2005 Actual		FY2006 Estimate		FY2007 Estimate		FY2006-07 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	14	\$1,595	14	\$1,660	14	\$1,704	0	\$44
Personnel Benefits		228		243		258		15
Space Rental		243		248		259		11
Travel		11		14		14		0
Subtotal	14	\$2,077	14	\$2,165	14	\$2,235	0	\$70
B. Indirect Costs²								
Personnel Compensation	9	372	8	\$387	8	\$398	0	11
Personnel Benefits		62		66		70		4
Space Rental		107		112		116		4
Travel		24		29		29		0
Training		15		34		35		1
Other Services		577		555		596		41
Equipment and Communication		66		86		68		(18)
Supplies and Materials		43		59		63		4
Land and Structures		1		20		10		(10)
Printing and Reproduction		17		19		19		0
Miscellaneous		35		32		32		0
Subtotal	9	\$1,319	8	\$1,399	8	\$1,436	0	\$37
Grand Total	23	\$3,396	22	\$ 3,564	22	\$3,671	0	\$107

¹ Direct Costs include personnel costs, space rental, and travel.

² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. 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.

Operation 5: Trade Policy Support

The Commission supports trade policymakers in the legislative and executive branches by providing technical expertise, accurate information, and objective analysis on international trade issues. It offers technical advice in the form of research, technical advice on draft legislation, conducting informal briefings and meetings, providing assistance to negotiating teams, and testifying at Congressional hearings. The Commission has developed the capability to provide quick research for the legislative and executive branches on trade issues in response to staff-to-staff requests. The Commission also drafts Presidential proclamations and other Presidential documents (e.g., Executive Orders and Presidential memoranda), as well as final decisions by various agencies that modify the HTS to implement Congressional legislation or trade policy decisions by the legislative and executive branches. The Commission also provides staff support for U.S. trade policy formulation and U.S. trade delegations in international negotiations.

In FY 2005 the Commission actively engaged in providing technical advice and assistance to USTR, interagency committees, and U.S. delegations to multilateral organizations in 73 different issue areas. Commission assistance focused on providing support to nine FTA negotiations, NAFTA-related activities, and issues relating to the monitoring and enforcement of trade agreements, such as China Safeguards. Staff also provided substantial support in connection with the WTO Doha negotiations.

Commission staff responded to assistance requests from Congressional committees and Members' offices. Among the regional and country matters addressed were pending FTAs and preference programs including the Caribbean, Andean, and African programs, as well as the GSP, and issues relating to Europe, Latin America, and China. Staff provided support in the agricultural sector including biotechnology, sanitary and phytosanitary standards, and agricultural products including seafood (shrimp, crawfish, tuna), sugar, high fructose corn syrup, cotton, grains, beef, swine, and lumber. Other inquiries concerned the services sector and industrial product issues such as textile and apparel, ethanol, cars and auto parts, footwear, and electronic components.

WTO trade liberalization negotiations, the increased pace of FTA negotiations, monitoring China's compliance with WTO commitments, and various other emerging trade issues likely will result in continuing high demand for the Commission's technical advice and assistance to policymakers in the legislative and executive branches in FY 2006 and FY 2007.

Resource Requirements for Trade Policy Support

In the aggregate, Operation 5 utilized 6.0 percent of the Commission's resources in FY 2005 (see Dollar Cost: Comparison by Operation, p. 69), amounting to \$3.6 million (see Budget Summary by Operation, p. 71). In terms of direct costs, Operation 5 accounted for \$2.4 million in FY 2005, with 16 workyears charged to it. (See Operation 5: Trade Policy Support Resource Requirements, p. 53). In FY 2005 the Office of Tariff Affairs and Trade Agreements and the Office of Industries accounted for most of the direct workyears charged to this operation. (See Direct Labor Cost: Workyears and Dollars, p. 76.) As noted previously, this Operation complements the Commission's overall support for trade policymakers and negotiators.

As reflected in its Performance Plan for FY 2006 and FY 2007 (see attached), the Commission will attempt to enhance its performance in the provision of trade policy support. To accomplish this, the Commission has set goals for: (1) expanding the level and scope of support; (2) seeking and improving feedback from customers; and (3) enhancing the provision of technical support via electronic means. In addition, the Commission is developing new types of support, such as early policy development background briefings to the legislative and executive branches.

Operation 5: Trade Policy Support Resource Requirements, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Category of Obligation	FY2005 Actual		FY2006 Estimate		FY2007 Estimate		FY2006-07 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	16	\$1,869	16	\$1,947	16	\$1,998	0	\$51
Personnel Benefits		295		313		334		21
Space Rental		214		222		231		9
Travel		13		16		16		0
Subtotal	16	\$2,391	16	\$2,498	16	\$2,579	0	\$81
B. Indirect Costs²								
Personnel Compensation	10	243	10	\$254	9	\$260	0	\$6
Personnel Benefits		46		48		51		3
Space Rental		96		99		103		4
Travel		27		33		33		0
Training		17		38		39		1
Other Services		645		617		644		27
Equipment and Communication		74		96		77		(19)
Supplies and Materials		48		67		71		4
Land and Structures		1		23		11		(12)
Printing and Reproduction		19		20		20		0
Miscellaneous		40		36		36		0
Subtotal	10	\$1,256	10	\$1,331	9	\$1,345	0	\$14
Grand Total	26	\$3,647	26	\$3,829	25	\$3,924	0	\$95

¹ Direct Costs include personnel costs, space rental, and travel.

² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. 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: Estimates provided by the Cost Center Managers and Office Directors.

Information Technology (IT) Activities

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.

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. Our IT strategy focuses 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. At the most basic level, the Commission's business requirements create and drive IT solutions. IT products and services are carefully identified, procured, and deployed in a manner that ensures that each is aligned with, and supports the goals, and business and user needs of the Commission.

During the period between the peaks of the transition sunset review cycle, the Commission focused available resources on needed infrastructure projects. In FY 2002 the Commission replaced EDIS with a new, more robust system. In FY 2003 the Commission replaced its aging LAN and contracted for network administration and helpdesk support services. During FY 2004 the Commission re-engineered its website, replacing it with an enterprise portal; replaced network switches and wiring to improve LAN performance; and upgraded desktop hardware. During FY 2005 the Commission focused IT resources on implementing, maintaining, and enhancing those systems and continuing to

provide IT solutions and support for general administrative systems, such as telecommunications, payroll, accounting, procurement, and personnel systems.

During FY 2006 and FY 2007 the Commission looks forward to making significant progress in its ongoing security enhancement activities and the EDIS project, as well as more fully integrating the EDIS project and its various websites into the Enterprise Portal project. The Commission will also be developing requirements for a new and integrated financial and procurement system that should be ready for acquisition by the end of FY 2007. In addition, Commission staff will be developing requirements, exploring solution alternatives, identifying security challenges and estimating costs for electronic questionnaire processing.

Major Ongoing Information Technology Initiatives

Information Security Efforts

Data security is a top priority for the Commission as it expands access to information and computer-based services for its broad spectrum of customers and stakeholders. The Commission's basic network services provide firewalls, intrusion detection, SPAM filters and up-to-date antivirus software. The Commission has an excellent record for protecting its information assets and avoiding work disruption or losses because of cyber threats. The Commission is building on that record by incorporating security considerations into its new projects as well as existing systems.

The Commission is addressing several information security challenges in FY 2006 and FY 2007. First, the Commission must provide for e-authentication and additional layers of security for the EDIS project in order to facilitate confidential e-filings and limited electronic access to proprietary information under protective orders. Second, in order to continue to provide NSI-classified reports for USTR, the Commission must improve education, training, and documentation of its procedures for processing and handling NSI by Commission staff. Third, given the collaborative nature of much of the

Commission's work and the need to share data and files among staff, the Commission will have to invest significant funds in equipment and security infrastructure in FY 2006 and FY 2007. Fourth, the Commission plans to adopt and test a Continuity of Operations Plan by the end of FY 2006. This will satisfy a major requirement in the Commission's annual FISMA audit report. Finally, the Commission must comply with Homeland Security Presidential Directive 12 (HSPD-12), the governmentwide uniform personal identity verification system, by the end of FY 2006. This will require contracting for services and purchase of equipment to facilitate the use of the new "smart card" identity badge requirements of that directive. Total funding for these various security initiatives in FY 2006 is over \$850,000. Assuming the FY 2006 goals are achieved, funding in FY 2007 will be about \$400,000 and would consist largely of maintenance of the new systems and testing and revision of emergency plans.

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.

Consolidating these productivity gains and continuing to improve the system requires significant investment in maintenance and enhancements to the system. Planned enhancements will focus on improving system work flow that will reduce the time it takes to make documents available to the public. During FY 2006 the Commission will implement the next major phase of the electronic filing project — providing the option to file certain confidential documents electronically. Once that goal has been achieved and the procedures are operating smoothly, the Commission will move to the final stage of the overall project — electronic access and distribution of confidential materials. Security concerns and funding availability will dictate when the Commission undertakes that phase of the project. The Commission expects that it will be in a position to make this determination during FY 2007.

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; providing real-time access to

information and updates via the Internet for both internal and external users; improving the usability and accessibility of the Commission docket by attorneys and other researchers; and providing for the electronic filing of documents via the Internet. Progress toward full implementation of the new system slowed somewhat during FY 2005 due to the need to provide enhanced search capabilities to the existing system and to provide for a more comprehensive layer of security. The FY 2002 acquisition cost of the new system, including project management expenses, was approximately \$1.7 million. Recurring annual costs for supporting and enhancing the new EDIS are approximately \$650,000. The EDIS project is the most important component of the overall Enterprise Portal project, discussed below.

The Enterprise Portal

In recent years the Commission set the ambitious goal of re-engineering all internal and external websites, including its home page, EDIS, and the Dataweb, into an enterprise portal. A 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 information faster and more efficiently than previously.

The Enterprise Portal has been built using a commercial off-the-shelf content management system (CMS). The portal, from the content provider perspective, functions as a full-featured CMS allowing non-technical Commission users to put content online quickly and easily and with minimal or no technical skills. A CMS is a system that contains a suite of tools that allows staff to manage, maintain, update, and change the content of a website. These systems use templates to ensure that pages display a consistent look throughout the site. A content management approach conveys many specific benefits. The Commission's website, from the visitor's perspective, will function like a web directory, whose main purpose will be to allow users to search for and access content, information and services offered online by the Commission.

During FY 2005 the Commission completed the initial phase of the portal initiative, with an overhaul of our website, including the implementation of a search engine and the reorganization of the navigational structure to increase its usability. With the goal of reducing the complexity of the Commission's IT architecture, as the Enterprise Portal project moves forward, the Commission will investigate and test the possibility of integrating EDIS functionality into the CMS. Complex infrastructures, including applications like EDIS and the CMS can be hard to manage and are only made more complex if dissimilar standards and incompatible environments are used by the two systems. It is the Commission's goal to streamline platforms and applications that require a wide variety of hardware, software, and skill sets into a more integrated and cost-effective IT architecture that can draw upon standardized skills and resources.

Most of the Commission efforts in FY 2006 and FY 2007 will be geared toward EDIS and its integration into the larger Enterprise Portal project. At the same time, the Commission is working on improvements to the search functions associated with its website, delivery of content by electronic means through the website, and enhancing the ability to find important Commission work product using commercial search engines. The Commission has six full-time equivalents assigned to the web team and provides about \$1.0 million annually in services and equipment to this effort. Costs are expected to decline in FY 2007 as the Commission transitions from the implementation phase to the maintenance phase and more tasks are handled by Commission employees.

Indirect Costs

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. 77.)

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 2007 Staffing Plan. (See Staffing Plan, p. 75.)

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 2005 audited by an independent certified public accounting firm, as required by the Accountability of Tax Dollar 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 2007 Staffing Plan. (See Staffing Plan, p. 75.)

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 2006 and FY 2007 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 2007 Staffing Plan. (See Staffing Plan, p. 75.)

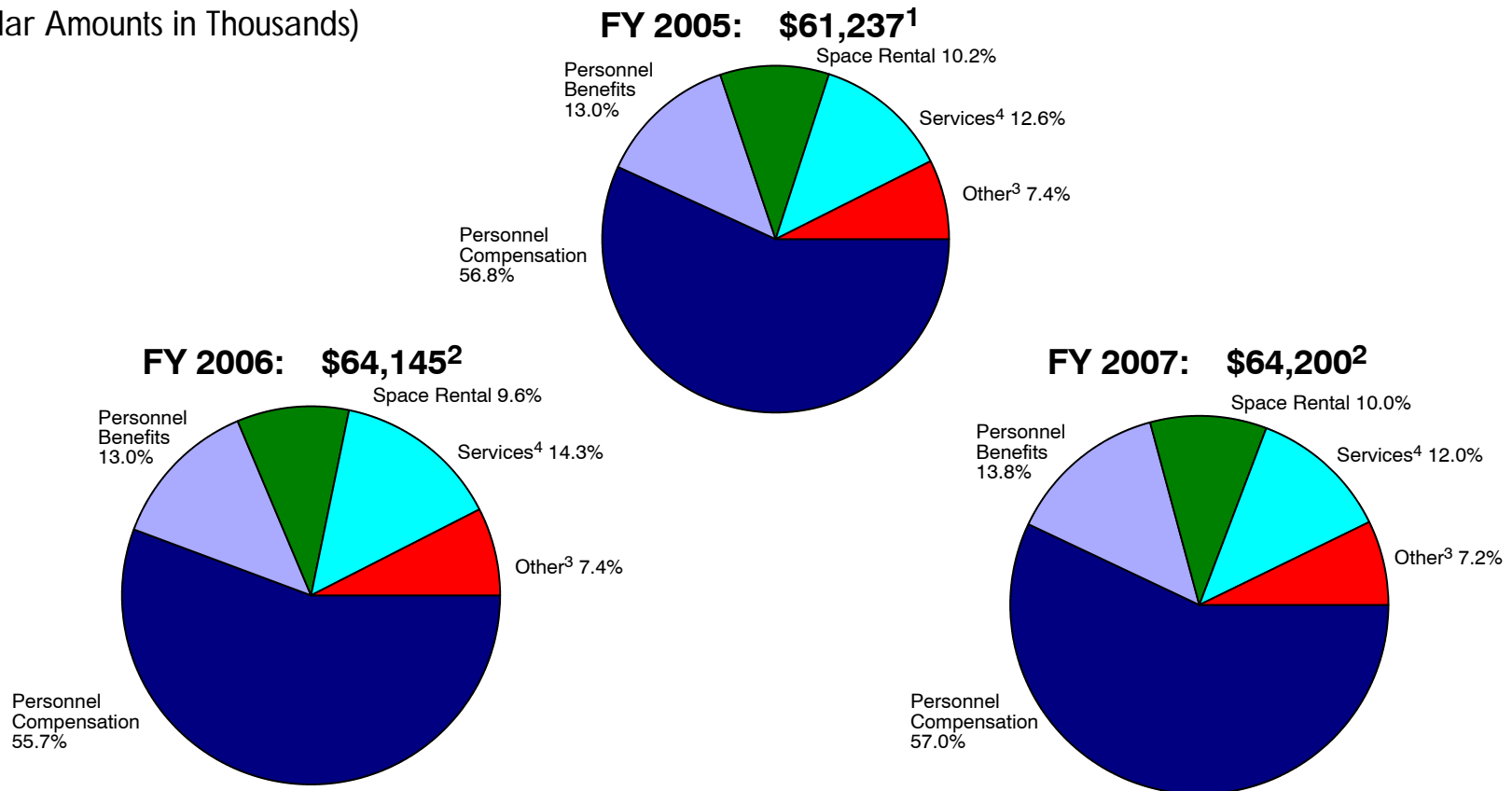
The Office of Human Resources facilitates the Commission's recruitment, training, and human capital management efforts to align human resource practices more closely with the agency's strategic mission. Through a contractual agreement with OPM, the Office of Human Resources has obtained technical expertise in strategic workforce planning, training and development, and organizational development. In FY 2006 and FY 2007, the Commission will continue implementing the programs, processes, and strategies necessary to accomplish the goals and objectives outlined in the Human Capital Plan. The Office of Human Resources is allocated seven full-time permanent positions and one part-time temporary position in the Commission's FY 2007 Staffing Plan. (See Staffing Plan, p. 75.)

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 2007 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 2007 Staffing Plan. (See Staffing Plan, p. 75.)

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 3.5 permanent positions and one part-time temporary position in the Commission's FY 2007 Staffing Plan. (See Staffing Plan, p. 75.)

Obligations: Dollar Cost Comparison By Object Classification, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)



¹ Distribution based on prepared Net Cost Statement with expenditures of \$61,237,033.

² Estimate.

³ Other includes travel, training, communications, transportation, postage, equipment rental, land and structures, printing and reproduction, supplies, and equipment.

⁴ 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.

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 2005, 2006, and 2007

(Dollar Amounts in Thousands)

Item	FY 2005 ¹ Actual Obligations	FY 2006 Expenditure Plan	FY 2007 Budget Request
Personnel Compensation:			
Full-time Permanent	\$32,745	\$34,200	\$35,275
Temporary	270	350	375
Term Appointment	240	250	0
Overtime	58	80	80
Awards	1,048	825	850
Benefits	7,884	8,354	8,864
Subtotal Personnel	\$42,245	\$44,059	\$45,444
General Nonpersonnel:			
Travel	691	726	734
Training	411	525	540
Communications	242	325	325
Transportation	16	34	35
Space Rental/Utilities	6,189	6,140	6,400
Postage/Contractual Mail	108	200	200
Equipment Rental	91	95	95
Land & Structures	1,075	300	450
Printing & Reproduction	259	270	270
Subtotal General Nonpersonnel	\$9,082	\$8,615	\$9,049
Services:			
Information Services	5,007	6,515	5,325
Facilities Management	1,358	1,282	1,296
Administration	933	1,120	776
Equal Employment Opportunity	16	25	25
Inspector General Audit and Review	225	240	250
Subtotal Services	\$7,538	\$9,182	\$7,672
Supplies and Materials:			
Information Services	157	230	265
Main Library	291	335	335
Facilities Management	119	125	150
Law Library	195	200	200
Subtotal Supplies and Materials	\$761	\$890	\$950
Equipment:			
Information Services	526	875	525
Main Library	40	55	50
Facilities Management	264	459	500
Law Library	0	10	10
Subtotal Equipment	\$830	\$1,399	\$1,085
Subtotal Nonpersonnel	\$18,211	\$20,086	\$18,756
Grand Total	\$60,456	\$64,145	\$64,200

¹ Based on obligations from the FY 2005 appropriation.

Source: Accounting System.

Budget Requirements

(Dollar Amounts in Thousands)

Category of Obligation	FY 2005 Actual		FY 2006 Estimate		FY 2007 Estimate		FY 2006-07 Changes	
	Workyears	Dollars ¹	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs ²								
Personnel	233	\$27,320	238	\$28,521	241	\$29,409	3	\$888
Nonpersonnel		4,203		4,326		4,503		177
Subtotal	233	\$31,523	238	\$32,847	241	\$33,912	3	\$1,065
B. Indirect Costs ³								
Personnel	136	\$14,453	137	\$15,094	139	\$15,575	2	\$481
Nonpersonnel		15,261		16,204		14,713		(1,491)
Subtotal	136	\$29,714	137	\$31,298	139	\$30,288	2	(\$1,010)
Total Budget Requirements	369	\$61,237	375	\$64,145	380	\$64,200	5	\$55

¹ Actual expenditures are listed for FY 2005; this amount is \$780,733 higher than the total USITC FY 2005 obligations of \$60,456,300 due to prior year obligations.

² Direct Costs include personnel costs, space rental, and travel.

³ Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. 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 2005; Expenditure Plans, Fiscal Years 2006 and 2007

(Dollar Amounts in Thousands)

Object Classification	FY 2005 ¹ Actual Obligations	FY 2006 Expenditure Plan	FY 2007 Budget Request	FY 2006-2007 Change	Percentage Change
Personnel:					
Permanent Employees	\$32,745	\$34,200	\$35,275	\$1,075	3.1%
Temporary Employees	270	350	375	25	7.1
Term Appointments	240	250	0	(250)	(100.0)
Overtime	58	80	80	0	0.0
Awards	1,048	825	850	25	3.0
Benefits	7,883	8,354	8,864	510	6.1
Subtotal Personnel	\$42,245	\$44,059	\$45,444	\$1,385	3.1%
Nonpersonnel:					
Travel	\$691	\$726	\$734	\$8	1.1%
Training	411	525	540	15	2.9
Communications	242	325	325	0	0.0
Transportation	16	34	35	1	2.9
Space Rental/Utilities	6,189	6,140	6,400	260	4.2
Postage	108	200	200	0	0.0
Equipment/Other Rental	91	95	95	0	0.0
Land and Structures	1,075	300	450	150	50.0
Printing and Reproduction	259	270	270	0	0.0
Services	7,538	9,182	7,672	(1,510)	(16.4)
Supplies and Materials	761	890	950	60	6.7
Equipment	830	1,399	1,085	(314)	(22.4)
Subtotal	\$18,211	\$20,086	\$18,756	\$(1,330)	(6.6)%
Grand Total	\$60,456	\$64,145	\$64,200	\$55	0.1%

Available Funds Fiscal Year 2006	
FY 2006 Appropriation:	\$62,752
CJS Rescission	(176)
DOD Section 381 Rescission	(625)
Subtotal Net Appropriation	\$61,951
FY 2005 Carryover	2,194
Total FY 2006 Availability	\$64,145

¹ Based on obligation of FY 2005 appropriation.

Source: Accounting System.

Summary of Increases/Decreases Presented in Analysis of Change (Fiscal Years 2006 and 2007)

Personnel Cost Change

(Dollar Amounts in Thousands)

Permanent Salaries +1,075

Salaries will increase by 3.1 percent because of the expected Federal pay raise in January 2007, the assumption that the Commission's vacancy rate will decline, and the normal cost of promotions and within-grade increases.

Temporary Employees +25

Increase due to Federal pay raise.

Term Appointments -250

Term appointments are related to transition sunset caseload. Due to the decline in new import injury filings in FY 2005 and FY 2006, the Commission was able to meet transition sunset caseload primarily with internal reassignments. Transition sunset cases will end by midyear FY 2007. No term appointments are anticipated for FY 2007.

Awards +25

Awards are expected to increase by only 3.0 percent.

Benefits +510

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.

Net Personnel Cost Changes +1,385

Nonpersonnel Cost Changes

(Dollar Amounts in Thousands)

Travel +8

Travel will increase approximately 1.1 percent.

Training +15

Training will increase 2.9 percent.

Transportation +1

Transportation will increase 2.9 percent.

Space Rental/Utilities +260

Increased General Services Administration fees, escalating operating costs, and property tax increases lead to a 4.2-percent increase in building lease cost.

Land and Structures +150

Renovation cost increases will facilitate the reorganization of the Office of Industries.

Services -1,510

Information Technology Services and Other Administrative Services will decrease while Facilities Management Services costs increase only slightly. The decrease reflects the planned completion of major IT and HR projects in FY 2006, which more than offsets inflationary increases to recurring service contracts.

Supplies and Materials +60

The 6.7 percent increase represents normal inflationary costs in supplies and law library and main library subscriptions.

Equipment -314

Decrease reflects the planned completion of IT equipment purchases in support of major IT projects in FY 2006.

Net Nonpersonnel Cost Changes -1,330

Total Adjustment to Base **+55**

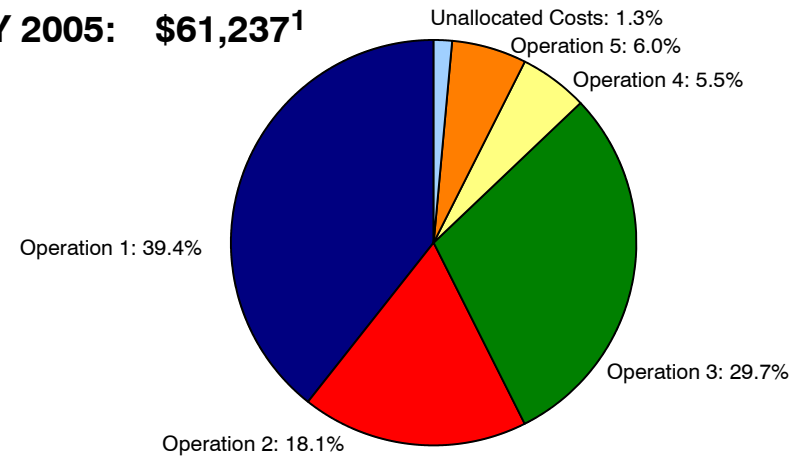
Dollar Cost: Comparison by Operation, Fiscal Years 2005, 2006, 2007

(Dollar amounts in thousands)

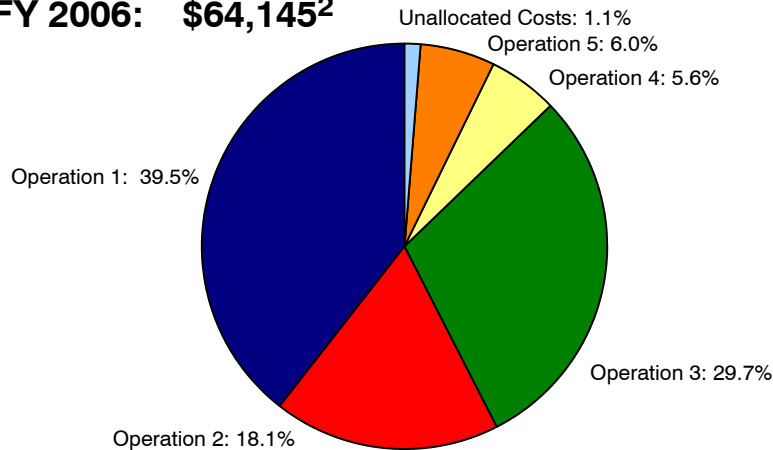
Operations

- 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

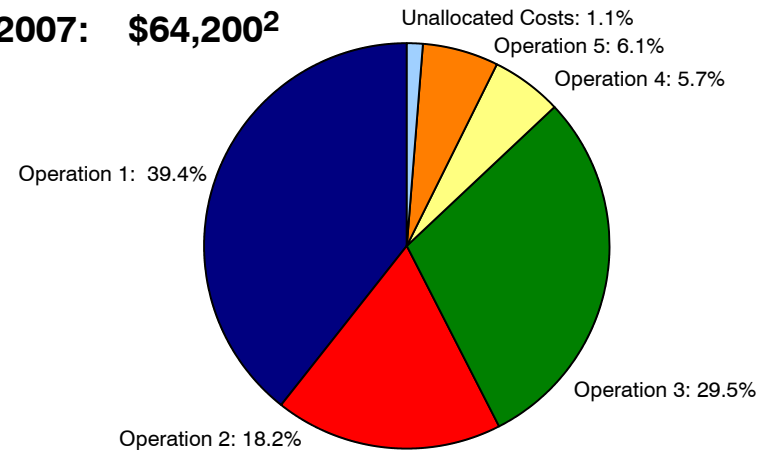
FY 2005: \$61,237¹



FY 2006: \$64,145²



FY 2007: \$64,200²



¹ Distribution based on prepared Net Cost Statement with expenditures of \$61,237,033.

² Estimated.

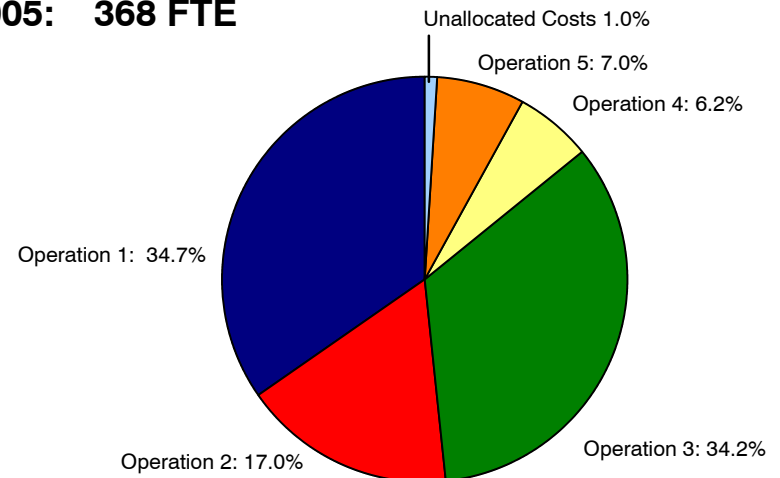
Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and Office Directors.

Workyears: Comparison by Operation, Fiscal Years 2005, 2006, 2007

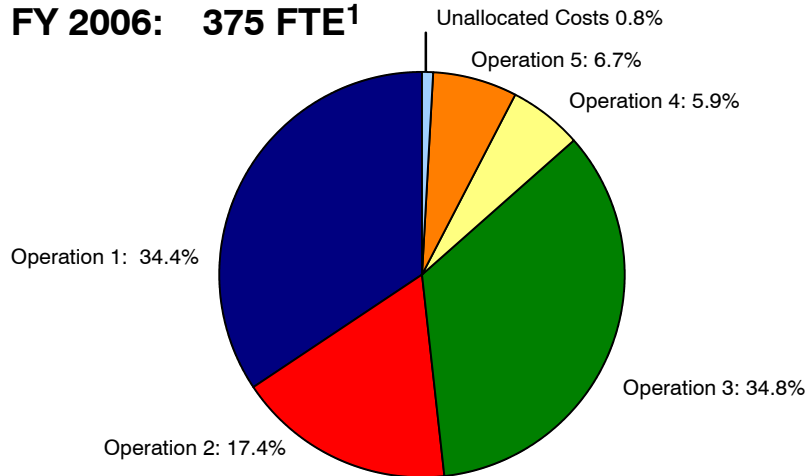
Operations

- 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 2005: 368 FTE

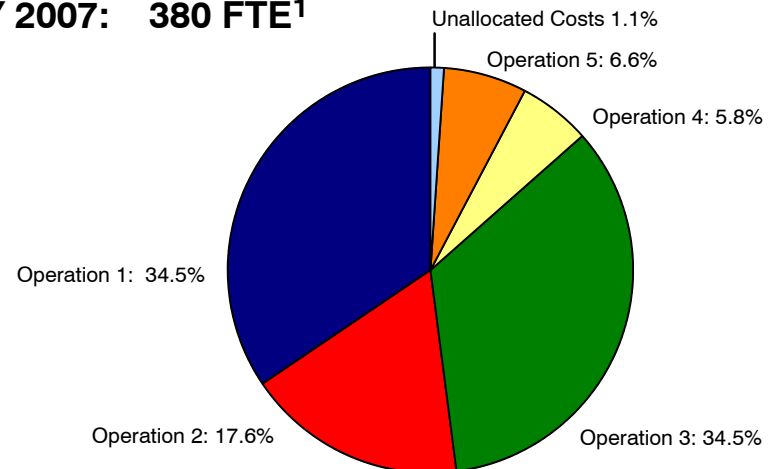


FY 2006: 375 FTE¹



¹ Estimated.

FY 2007: 380 FTE¹



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

Budget Summary by Operation, Fiscal Years 2005, 2006, 2007

(Dollar Amounts in Thousands)

Operation	FY 2005 Actual		FY 2006 Estimate		FY 2007 Estimate		FY 2006-07 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
1: Import Injury Investigations	127	\$24,122	129	\$25,320	131	\$25,324	2	\$4
2: Intellectual Property-Based Import Investigations	63	11,113	65	11,670	67	11,650	2	(20)
3: Industry and Economic Analysis	126	18,184	130	19,079	131	18,911	1	(168)
4: Tarrif and Trade Information Services	23	3,396	22	3,564	22	3,671	0	107
5: Trade Policy Support	26	3,647	26	3,829	25	3,924	(1)	95
Subtotal	365	\$60,462	372	\$63,462	376	\$63,480	4	\$18
Unallocated Costs	4	\$775	3	\$683	4	\$720	1	\$37
Grand Total	369	\$61,237	375	\$64,145	380	\$64,200	5	\$55

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 2005, 2006, 2007

(Dollar Amounts in Thousands)

Operation	FY 2005 Actual		FY 2006 Estimate		FY 2007 Estimate		FY 2006-07 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
1: Import Injury Investigations	84	\$10,515	85	\$10,944	86	\$11,296	1	\$352
2: Intellectual Property-Based Import Investigations	40	6,054	41	6,300	42	6,507	1	207
3: Industry and Economic Analysis	79	10,486	82	10,940	83	11,295	1	355
4: Tariff and Trade Information Services	14	2,077	14	2,165	14	2,235	0	70
5: Trade Policy Support	16	2,391	16	2,498	16	2,579	0	81
Subtotal	233	\$31,523	238	\$32,847	241	\$33,912	3	\$1,065
B. Indirect Costs²								
1: Import Injury Investigations	43	\$13,607	44	\$14,376	45	\$14,028	1	\$(348)
2: Intellectual Property-Based Import Investigations	23	5,059	24	5,370	25	5,143	1	(227)
3: Industry and Economic Analysis	47	7,698	48	8,139	48	7,616	0	(523)
4: Trade Information Services	9	1,319	8	1,399	8	1,436	0	37
5: Trade Policy Support	10	1,256	10	1,331	9	1,345	(1)	14
Unallocated Costs	4	775	3	683	4	720	1	37
Subtotal	136	\$29,714	137	\$31,298	139	\$30,288	2	\$(1,010)
Grand Total	369	\$61,237	375	\$64,145	380	\$64,200	5	\$55

¹ Direct Costs include personnel costs, space rental, and travel.

² Indirect Costs include certain personnel costs for general administration support services and labor relations. They also include nonpersonnel costs such as contractual services, supplies, equipment, some space rental, some travel and training. 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.

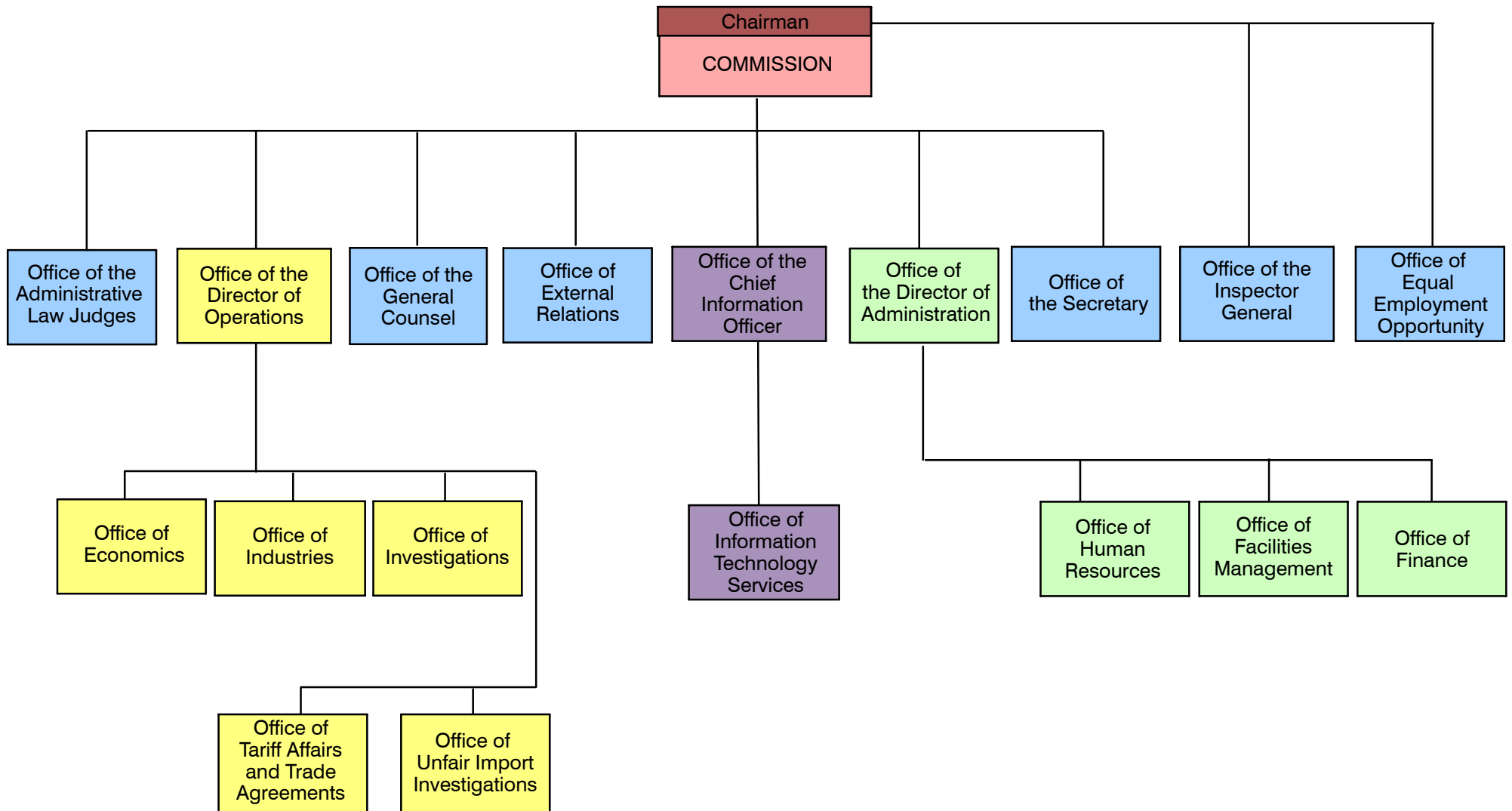
Workyears by Activity and Office - Fiscal Year 2005¹

Office/Division	COMM	ALJ	ER	SE	CIO	GC	IG	EEO	OP	EC	TATA	INV	OUII	ID	AD	TOTALS
Operation 1-Import Injury Investigations	23.8		0.4	1.2	1.8	14.4			0.2	8.6	0.1	24.6		9.3		84.4
Title VII Investigations	0.4		0.1	0.7	0.3	4.1				4.6	0.1	11.0		2.5		23.8
Sunset Investigations			0.1	0.5		2.9			0.2	3.4		9.6		5.7		22.4
Other Investigations						0.1				0.5		2.0		0.9		3.5
Litigation						7.1										7.2
Operational Support			0.2		1.5	0.2				0.1		2.0		0.2		4.2
Executive Direction	23.4															23.4
Operation 2-Intellectual Property Investigations	7.5	8.5	0.2	0.2	1.3	7.7							14.2			39.6
Section 337 Investigations		8.5		0.2	0.3	4.3							13.2			26.5
Section 337 Litigation						3.2										3.2
Operational Support			0.2		1.0	0.2							1.0			2.4
Executive Direction	7.5															7.5
Operation 3-Industry and Economic Analysis	12.4		0.1	0.7	1.4	0.3			6.1	15.1	0.2	1.3		41.3		78.9
Statutory Investigations			0.1	0.1	0.8	0.2			0.5	7.8	0.1	0.9		29.6		40.1
Other Industry and Economic Analysis					0.3				0.2	5.6		0.2		5.6		11.9
Operational Support				0.6	0.3	0.1			5.4	1.7	0.1	0.2		6.0		14.5
Executive Direction	12.4															12.4
Operation 4-Trade Information Services	2.1				0.8				0.5		6.9	0.1		3.9		14.3
Harmonized Tariff System											4.9			0.2		5.1
Legislative Reports									0.1		1.0			3.1		4.2
Trade Database Management					0.8				0.4		1.0	0.1		0.6		2.9
Operational Support																
Executive Direction	2.1															2.1
Operation 5-Trade Policy Support	2.0		1.4			1.2			0.5	0.7	1.9			8.2		15.9
Technical Assistance to Congress			0.8			0.3				0.2	0.3			0.6		2.3
Technical Assistance to Executive			0.6			0.7			0.1	0.4	1.6			4.5		7.9
Operational Support						0.1			0.4	0.1				3.1		3.7
Executive Direction	2.0															2.0
Administrative Overhead	1.3	5.3	3.1	3.4	8.3	12.6	0.8	1.5	6.3	14.9	4.7	8.8	4.3	29.2	27.3	131.8
Unallocated Activities					0.3		2.8			0.1	0.1			0.3	0.2	3.8
Grand Total	49.1	13.8	5.2	5.5	13.9	36.2	3.6	1.5	13.6	39.4	13.9	34.8	18.5	92.2	27.5	368.7

¹ Totals may not add due to rounding.

Source: Labor Cost Reporting System

FY 2006 U.S. International Trade Commission Organization



Staffing Plan, Fiscal Years 2005, 2006, and 2007

Office	FY 2005				FY 2006				FY 2007			
	Perm.	Term(s)	Temp.	Total FTE	Perm.	Term(s)	Temp.	Total FTE	Perm.	Term(s)	Temp.	Total FTE
Commissioners	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
Office of the Secretary	8.0			8.0	7.0			7.0	7.0			7.0
Inspector General	3.5		0.5	4.0	3.5		0.5	4.0	3.5		0.5	4.0
General Counsel	41.0	1.0		42.0	42.0	1.0		43.0	42.0			42.0
Administrative Law Judges	13.0	1.0		14.0	13.0	1.0		14.0	13.0			13.0
Equal Employment Opportunity	1.0		0.5	1.5	1.0		0.5	1.5	1.0		0.5	1.5
Subtotal Independent Offices	102.5	2.0	1.0	105.5	102.5	2.0	1.0	105.5	102.5	0.0	1.0	103.5
Operations, Director	13.0			13.0	15.0			15.0	15.0			15.0
Investigations	36.0		1.0	37.0	36.0		1.0	37.0	36.0		0.5	36.5
Unfair Import Investigations	17.0			17.0	19.0			19.0	19.0			19.0
Economics	44.0	1.0	2.5	47.5	45.0	1.0	0.5	46.5	45.0		1.0	46.0
Tariff Affairs and Trade Agreements	14.0			14.0	14.0			14.0	14.0			14.0
Industries	100.0		3	103.0	100.0		3	103.0	100		3	103.0
Subtotal Operations	224.0	1.0	6.5	231.5	229.0	1.0	4.5	234.5	229.0	0.0	4.5	233.5
Chief Information Officer	12.0			12.0	12.0			12.0	12.0			12.0
Information Technology Services	25.0	1.0		26.0	26.0	1.0		27.0	26.0			26.0
Subtotal Chief Information Officer	37.0	1.0	0.0	38.0	38.0	1.0	0.0	39.0	38.0	0.0	0.0	38.0
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		0.5	7.5	7.0		0.5	7.5	7.0		0.5	7.5
Facilities Management	11.0			11.0	11.0			11.0	11.0			11.0
Subtotal Administration	28.0	0.0	0.5	28.5	28.0	0.0	0.5	28.5	28.0	0.0	0.5	28.5
Commission Total	391.5	4.0	8.0	403.5	397.5	4.0	6.0	407.5	397.5	0.0	6.0	403.5

Direct Labor Cost: Workyears and Dollars (Salaries and Benefits) by Office and Operation, FY 2005¹

(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	17.6	\$1,507	4.3	\$740	5.7	\$1,508	0.9	\$273	0.6	\$312
External Relations	0.3	263	0.2	85	0.1	98	0.0	12	1.4	233
Office of the Secretary	1.2	103	0.2	23	0.7	31	0.0	5	0.0	5
General Counsel	14.5	2,896	7.6	1,250	0.3	428	0.0	59	1.1	215
Administrative Law Judges	0.0	378	8.5	1,076	0.0	126	0.0	19	0.0	13
Office of the Director of Operations	0.2	469	0.0	115	6.1	624	0.5	78	0.5	85
Investigations	24.6	3,330	0.0	145	1.3	314	0.1	40	0.0	25
Unfair Import Investigations	0.0	385	14.2	2,054	0.0	130	0.0	20	0.0	16
Economics	8.6	2,004	0.0	256	15.1	2,161	0.0	52	0.6	109
Tariff Affairs and Trade Agreements	0.1	320	0.0	77	0.2	126	6.9	813	1.9	258
Industries	9.3	2,994	0.0	489	41.3	4,999	4.0	565	8.2	977
Chief Information Officer	8.0	1,319	4.6	537	8.1	937	2.0	232	1.5	144
Grand Total	84.4	\$15,968	39.6	\$6,847	78.9	\$11,482	14.4	\$2,168	15.8	\$2,392

¹ Covers only those offices whose time is charged directly to specific operations.

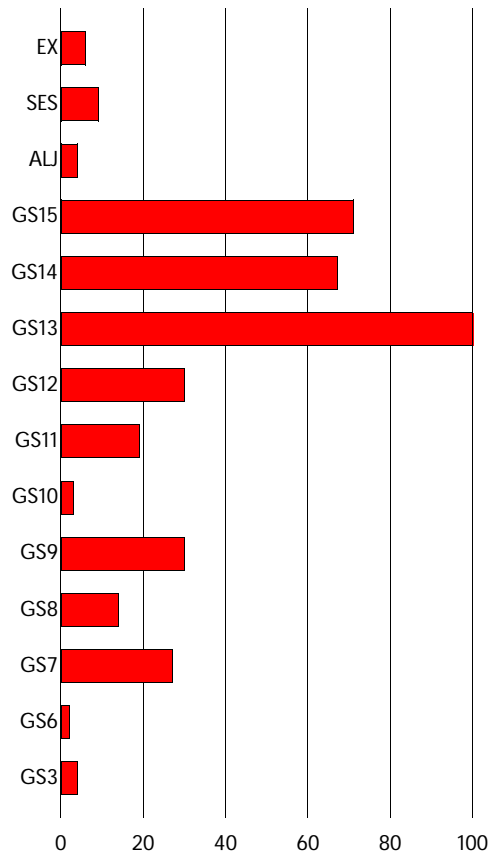
Source: Labor Cost Reporting System

Total Labor Cost/Workyears by Office, Fiscal Year 2005

(Dollar Amounts in Thousands)

FTE on Board by Grade

(as of 9/30/2005)



Office	Commission Total FTE Staffing Plan ¹	FY 2005 Actual		
		Workyears ²	Salaries and Benefits ³	Average Cost Salaries and Benefits
Commissioners	31.0	30.5	\$4,342.8	\$142.4
External Relations	5.0	5.4	692.8	128.3
Office of the Secretary	8.0	7.3	626.9	85.9
Inspector General	4.0	3.6	470.3	130.6
General Counsel	42.0	38.3	4,847.7	126.6
Administrative Law Judges	14.0	13.8	1,612.3	116.8
Equal Employment Opportunity	1.5	1.5	168.2	112.1
Operations, Director	13.0	13.6	1,374.8	101.1
Investigations	37.0	35.1	3,857.2	109.9
Unfair Import Investigations	17.0	18.6	2,607.2	140.2
Economics	47.5	39.3	4,585.8	116.7
Tariff Affairs and Trade Agreements	14.0	13.8	1,600.3	116.0
Industries	103.0	92.4	10,052.3	108.8
Chief Information Officer	38.0	28.1	2,734.1	98.0
Administration	28.5	27.7	2,654.0	95.9
Grand Total	403.5	369.0	\$42,226.7	\$114.5

¹ Commission Total FTE Staffing Plan includes permanent, term and temporary positions, but not summer program that consists of approximately 8.5 FTEs.

² Workyears data can be adjusted to exclude the summer student program. That would result in 360.5 total workyears. Using that total the vacancy rate averaged 10.4 percent for FY 2005.

³ Salaries and Benefits total does not include commuter subsidy costs.

United States International Trade Commission Fiscal Year 2006 and 2007 Performance Plans



The following presents the elements of the Commission's final Performance Plan for fiscal year (FY) 2006 and the initial Plan for FY 2007 that are not already addressed in the body of the 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 fifth edition of the agency's Strategic Plan, which was issued in September 2003.

Mission statement

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

The Commission will 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

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 2006 and 2007. 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 2006 and 2007 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 2002, 2003, 2004, and 2005. 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 2002, 2003, 2004, and 2005 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 2005 Performance and Accountability Report in November 2005.

In an effort to improve the relevancy and accuracy of its EDIS performance indicators, the Commission has substantially altered the EDIS-related performance goals. The Commission staff recently completed technological improvements that will enable the electronic filing of confidential documents through EDIS enhancements, pending Commission approval of rules and procedures surrounding such filings. The revised performance goals incorporate the planned enhancements regarding confidential electronic filings. These indicators reflect the fact that it is anticipated that with the addition of the acceptance of electronic confidential filings, and the concomitant enhanced scrutiny of such documents prior to release into EDIS, a lower percentage of documents can be made available within the time periods called for in the performance goals. Nevertheless, as reflected in the performance goals for FY 2007, the Commission expects to continue to improve the timeliness of document availability as it adapts to the EDIS enhancements.

In the past the Commission has experienced difficulty measuring the timeliness of document availability in EDIS. The desire to address this issue was an important factor in the Commission's decision to reorganize the docket function and incorporate it into the Office of the Chief Information Officer. Specifically, during FY 2005, this unit, which had previously been part of the Office of the Secretary, became the Docket Division of the Office of Information Technology Services. The intent of this realignment was to accelerate the transformation of the docket function to a predominantly electronic service. Subsequent to the realignment, the Office of Information Technology Services uncovered problems associated with its data collection methods. In particular, several technical problems were discovered concerning the tracking of document availability within the 36 hour period called for by the previous performance goals. As a result, the revised goals now reflect availability in 24-hour and 48-hour increments, both which can be tracked more accurately.

Interim Adjustment to the Strategic Plan

The Commission has determined to make one interim adjustment to the Strategic Plan issued in FY 2003. The title of Operation No. 4 is being changed from "Trade Information Services" to "Tariff and Trade Information Services." This change is being effected in order to emphasize the importance of tariff-related activities such as publication of the Harmonized Tariff Schedule to that Operation.

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

In FY 2006 and 2007, 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, and meet deadlines. The Commission removed a goal regarding post-hearing meetings because such meetings are not held regularly, and streamlined the goals by combining goals on information management and the conduct of surveys. The Commission also adjusted goals related to the provision of external access to public documents. External factors affecting performance of this function 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

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 ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
1.(a) Conduct appropriate internal review of draft investigation and litigation documents.	<ul style="list-style-type: none"> a. Commissioner comments on sufficiency of the information in the record (INV/GC). b. Draft staff reports to investigative teams and senior staff for review (INV). 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). d. Team participation in opinion-writing process (INV). 	<ul style="list-style-type: none"> a. 80% positive response. b. 100% of draft reports circulated. c. 100% of draft documents circulated. d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation. 	<ul style="list-style-type: none"> a. 80% positive response. b. 100% of draft reports circulated. c. 100% of draft documents circulated. d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation.
1.(b) Meet statutory, court, and administrative deadlines.	a. Reports and determinations (INV) and memoranda and draft opinions issued, and briefs (GC) submitted, on time.	a. 100% on time.	a. 100% on time.

See notes at end of table

Strategies	Performance Indicators ¹	FY 2006 Performance Goals	FY 2007 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, taking into account results of biannual survey regarding investigative procedures.</p> <p>b. (1) Semi-annual reviews and revisions completed. (2) Establish baseline level.</p> <p>c. (1) 65% of documents filed are made available on EDIS within 24 hours. (2) 80% of documents filed are made available on EDIS within 48 hours. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. (4) Enable electronic confidential filings through EDIS enhancements pending Commission approval.</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. (2) 2% improvement over FY 2006 level.</p> <p>c. (1) 75% of documents filed are made available on EDIS within 24 hours. (2) 85% of documents filed are made available on EDIS within 48 hours. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. (4) Assuming successful implementation of confidential filing, begin process of developing capability to distribute confidential material under APO.</p>

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

Performance

During FY 2002, 2003, 2004, and 2005, the Commission generally met the performance goals of its Performance Plans:

In FY 2002, the Commission reviewed agency processes in light of internal and external user comments and issued proposed rules changes to permit electronic filing of documents; conducted appropriate internal reviews of draft documents; made significant progress on EDIS replacement; reviewed web site content and expanded the questionnaire web site to include, as appropriate, draft questionnaires for party comment; and issued virtually all determinations and related documents on time.

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 Administration, 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.

OPERATION NO. 2: Intellectual Property-Based Import Investigations

The Commission plans to undertake activities during FY 2006 and 2007 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 FY 2005 in order to obtain further feedback from the public, and a Commission working group will analyze the results during FY 2006. The Commission has modified certain goals and added others to reflect current and anticipated conditions. A goal regarding the work of an internal enforcement working group was modified to place greater emphasis on follow-up activities related to the recent exclusion order survey, and goals were added relating to the Commission's ability to receive electronic filings of documents containing confidential business information and the provision of scheduling information to U.S. Customs and Border Protection (CBP) so that CBP will have more advance notice of possible upcoming exclusion 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 CBP enforcement of orders.

General Goal

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 ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
1. Meet statutory and key administrative and court deadlines, conclude section 337 investigations expeditiously, and reduce the average time to conclude ancillary proceedings.	<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>

See notes at end of table

Strategies	Performance Indicators ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
<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) Establish baseline level.</p> <p>b. (1) 65% of documents filed are made available on EDIS within 24 hours.</p> <p>b. (2) 80% of documents filed are made available on EDIS within 48 hours.</p> <p>b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p> <p>b. (4) Enable electronic confidential filings through EDIS enhancements pending Commission approval.</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>b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p> <p>b. (4) Assuming successful implementation of confidential filing, begin process of developing capability to distribute confidential material under APO.</p>
<p>3. Actively facilitate enforcement of exclusion orders.</p>	<p>a. Timely seizure and forfeiture notices resulting from Customs letters (GC).</p> <p>b. Improve communications regarding enforcement of remedial orders (OUII/GC).</p>	<p>a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs.</p> <p>b. (1) Enforcement working group analyzes responses to survey regarding effectiveness of outstanding exclusion orders, prepares recommendations in view of survey results, and meets at least semi-annually to discuss remedy issues.</p> <p>b. (2) Scheduling information regarding Section 337 proceedings is provided to Customs and Border Protection on a quarterly basis.</p>	<p>a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs.</p> <p>b. 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.</p> <p>b. (2) Scheduling information regarding Section 337 proceedings is provided to Customs and Border Protection on a quarterly basis.</p>

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

Performance

During FY 2002, 2003, 2004, and 2005 the Commission generally met the performance goals of its Performance Plans:

In FY 2002, the number of Section 337 matters that were active continued at the higher levels established in FY 2001. During the year, the number of trials that were held was also relatively large. The Commission met deadlines and issued virtually all documents on time. The agency also further revised the portion of its website devoted to Operation No. 2 matters.

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 further, 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 also implemented to enhance access to public documents, including faster retrieval, and more user-friendly search results. The Commission expects to make significant advances during FY 2006 in the electronic docket regarding the acceptance of electronic confidential filings. This will benefit both the Commission and document filers, by reducing Commission and filers' expenses related to processing of paper filings, while providing the Commission with increased quality control by ensuring records are stored as submitted, eliminating the potential for record handling errors. The Commission sent out survey questionnaires regarding the effectiveness of outstanding exclusion orders in the last quarter of FY 2005. During FY 2006, the enforcement working group will analyze the results of the survey and, if appropriate, recommend further action to the Commission based on the results of the survey.

OPERATION NO. 3:

Industry and Economic Analysis

The Commission will seek to enhance the value of its industry and economic analysis in FY 2006 and 2007 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. In FY 2005 the agency established FY 2006 goals for 50 percent of its public statutory reports being cited or mentioned as useful by customers such as USTR and Congress. 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.¹

The Commission supports ongoing analysis on 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, value-added analytical products in an objective and 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

¹ 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.

Commission's analysis on the U.S. 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

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

Provide the Legislative and Executive Branches, as well as the public, with unique and timely industry and economic analyses that contribute to sound and informed trade policy formulation.

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 ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
1. Develop and provide useful industry and economic analysis to customers.	<ul style="list-style-type: none"> a. Public statutory reports are often cited or mentioned as useful by customers such as USTR and Congress (OP). b. Section 332 reports to requesters on time (OP). c. Positive results from: <ul style="list-style-type: none"> (1) Level of satisfaction reported by users of ITC Industry and Economic Analysis web pages; (2) Customers request new types of analysis or new subject areas (OP). 	<ul style="list-style-type: none"> a. 2% improvement over the FY 2005 level in the number of public statutory reports are cited by policy-makers. b. 100% of reports on time. c. <ul style="list-style-type: none"> (1) 2% improvement over FY 2005 baseline level. (2) 2 requests that involve new areas or types of analysis. 	<ul style="list-style-type: none"> a. 2% improvement over the FY 2006 level in the number of public statutory reports are cited by policy-makers. b. 100% of reports on time. c. <ul style="list-style-type: none"> (1) 2% improvement over FY 2006 level. (2) 2 requests that involve new areas or types of analysis.
2. Implement innovative analytical methods and investigate emerging areas and issues.	<ul style="list-style-type: none"> a. Numbers of self-initiated articles, working papers, research notes, and presentations at professional meetings/conferences (OP). b. Number/type of enhancements in information management and analytical methods (OP). 	<ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2006 include roll out of an ITC "Industry and Economic Analysis" Web page, including continued efforts to convert existing and new ITC publications and databases to a Web-based format. 	<ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. 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 incorporating improvements discerned from web-based surveys that will improve customer satisfaction with the site.

See notes at end of table.

Strategies	Performance Indicators ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
		<p>b. (2) Expansion of economic modeling and analytical capabilities and use. Of particular note in FY 2006 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, among other things, 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, and (4) development and utilization of new tools/ databases related to at least 2 sectors of trade negotiations.</p> <p>b. (3) Web redesign and semi-annual review of Web site and revision completed.</p>	<p>b. (2) Expansion of economic modeling and analytical capabilities and use. Of particular note in FY 2007 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) depending on customer request and progress in the negotiations, conduct an assessment of the potential effects on the US economy and specific industry sectors of a Doha Round trade agreement, (4) 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 (5) development and utilization of new tools/ databases related to at least 2 sectors of trade negotiations.</p> <p>b. (3) Semi-annual reviews of Web site and revisions completed.</p>

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

Performance

During FY 2002, 2003, 2004, and 2005 the Commission generally met the performance goals of its Performance Plans:

In FY 2002, the Commission analyzed responses to mailback survey forms in each published report, as well as initiated an update of the mailback form and began efforts to include an on-line version on the ITC Web site. Staff also began development of a web page to highlight the Commission research program. Extensive progress was made in the development of a new U.S. Applied General Equilibrium model (USAGE ITC) and a model of the Russian economy to assist in future Commission work. Efforts continued to employ dynamic modeling in the analysis of potential U.S. bilateral free trade agreements. In anticipation of new trade legislation (Trade Act of 2002), the Commission began development of the tools/techniques to respond to new investigative requirements. Significant new research initiatives included development of a database on foreign NTM's and a new Africa research agenda.

In FY 2003, the Commission analyzed responses to mailback survey forms in each published report, but also 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. The regional- and state-level component was nearing completion in late FY 2003. (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 GTAP Center for inclusion in the next version of the global model's database. (3) Development of analytical tools/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 mailback 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, as well as 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 conference on NTMs with the Australian Productivity Commission, utilizing the newly developed 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. As a result of its statutory workload, the Commission deferred work on some planned extensions to its CGE modeling framework that were to have been completed in FY 2004. This goal was established for FY 2005. In addition, the Commission, after reviewing various data regarding usage of its Web site, 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*.

OPERATION NO. 4: Tariff and Trade Information Services

During FY 2006 and 2007, 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 customer requests for assistance, and legislative changes. 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

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 trade policy and related administrative decisions; enhance the availability of high-quality 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 ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
1. Increase the utility and improve the dissemination of ITC trade and tariff 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 2005 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 2006 level. e. 100% timely and accurate responses.
2. Provide timely, effective, and responsive nomenclature and similar technical services to customers.	a. Results of product feedback assessments. (TATA/ER)	a. 95% positive results.	a. 95% positive results.

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

Performance

During FY 2002, 2003, 2004, and 2005 the Commission generally met the performance goals of its Performance Plans:

In FY 2002, the Commission continued to improve its Web-based services. Publication of the HTS on the Web site is accomplished on a real-time basis, and steps have been taken to improve consistency and accuracy of the electronic files before publication. Response to the Commission's DataWeb continued to be positive and use of that site by outside users continued to increase. Commission representatives to the WTO and WCO Committees continued to be received favorably by trading partners. U.S. proposals were supported both by the U.S. trading

community and U.S. trading partners. Coordination among the Commission, other Government agencies, and the Congress increased dramatically with regard to proposed miscellaneous tariff legislation.

In FY 2003, publication of the HTS on the 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 have been 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 is anticipated that the new format will 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 was begun on a new Section 1205 investigation, whereby amendments recommended by the WCO (and other amendments) eventually will 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 proposes 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 109th 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.

OPERATION NO. 5: Trade Policy Support

During FY 2006 and 2007, 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. To accomplish this, the Commission has set goals for expanding the level and scope of support provided to Congress and the Administration, for seeking and improving feedback from customers, and for better adapting the provision of such services to the situational needs of its customers. In FY 2005, the staff moved toward consistently seeking timely product-specific feedback from customers. Product-specific feedback allows for better alignment with customer needs. 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

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 effective technical support and analysis to the Executive Branch in international trade negotiations, international trade dispute resolution proceedings, and other international trade fora, and to the Legislative Branch through appropriate committees and subcommittees.

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 ¹	FY 2006 Performance Goals	FY 2007 Performance Goals
1. As appropriate, regularly contribute technical analysis to statutorily-designated organizations involved in trade policy formulation.	a. Number of trade policy issue areas supported by ITC analysis. (ER).	a. 55 trade policy issue areas supported. ²	a. 60 trade policy issue areas supported. ²
2. Provide effective trade policy support to customers.	a. Customer satisfaction as measured by results of product feedback assessments with USTR, Congress, and other agencies (ER). b. Results of re-evaluation of mechanisms for providing support, including through the agency's Web site (ER)	a. 95% positive results b. Annual re-evaluation completed and enhancements adopted as needed.	a. 95% positive results . b. Annual re-evaluation completed and enhancements adopted as needed.

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

During FY 2002, 2003, 2004, and 2005 the Commission generally met the performance goals of its Performance Plans:

In FY 2002, the Commission saw a continuation in the upward trend in the number of trade policy issue areas in which it provided support to the Congress and the Administration. Focus group sessions were held with staff from our Congressional customers as well as senior staff from the Office of the U.S. Trade Representative. Feedback was overwhelmingly positive, with some suggestions for improvements to be implemented in FY 2003. ER continued to review the mechanisms through which support was provided and implemented changes as appropriate.

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 FY2006, 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.