



**United States International Trade Commission**

# **Budget Justification**

**Fiscal Year 2012**

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# Alphabetical Listing of Abbreviations

AD	Antidumping	IP	Intellectual Property
ALJs	Administrative Law Judges	IPR	Intellectual Property Rights
CIT	U.S. Court of International Trade	IT	Information Technology
Commerce	Department of Commerce	ITDS	International Trade Data System
Commission	U.S. International Trade Commission	MTBs	Miscellaneous Tariff Bills
Customs	U.S. Customs and Border Protection	NAFTA	North American Free Trade Agreement
CVD	Countervailing Duty	NTMs	Nontariff Measures
DataWeb	Interactive Tariff and Trade DataWeb	OGC	Office of the General Counsel
FDI	Foreign Direct Investment	OIG	Office of the Inspector General
Federal Circuit	U.S. Court of Appeals for the Federal Circuit	OUII	Office of Unfair Import Investigations
FTAs	Free Trade Agreements	SMEs	Small- and Medium-sized Enterprise
FY	Fiscal Year	The Byrd Amendment	Continued Dumping and Subsidy Offset Act
GATT	General Agreement on Tariffs and Trade	USAGE	U.S. Applied General Equilibrium
GDP	Gross Domestic Product	USTR	U.S. Trade Representative
HTS	Harmonized Tariff Schedule of the United States	WTO	World Trade Organization
HTSA	Harmonized Tariff Schedule of the United States Annotated		

# Fiscal Year 2012 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 Commission 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 are alleged to infringe U.S. intellectual property rights. Through such proceedings, the Commission 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 U. S. Trade Representative (USTR), and the 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 and the role that international trade plays in the U.S. economy.

## 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 the Congress with independent, quality analysis, information, and support on matters relating to 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. The Commission recognizes the importance of excellence in all aspects of its mission, particularly objectivity, thoroughness, clarity of analysis, and timeliness in the performance of its investigative duties. The Commission continuously monitors its investigative functions to more effectively meet the needs of policymakers in both the legislative and executive branches, parties to Commission proceedings, and the general public.

The Commission has five strategic Operations that serve its customers: (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 for each strategic Operation are presented in the Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (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 team to each investigation, thereby combining the skills of the Commission's investigators, international trade analysts, economists, auditors, attorneys, and statisticians.

# Fiscal Year 2012 Budget Highlights

For fiscal year (FY) 2012, the Commission requests \$87 million to support its statutory strategic Operations. The FY 2012 request provides for no increase over the FY 2011 requested funding level. The revised FY 2012 request for \$87 million represents a 4 percent decrease from the FY 2012 appropriation request of \$90.6 million made prior to the announcement of a freeze on salaries for FY 2011 and FY 2012. The Commission's FY 2012 appropriation request consists of salaries (53.0 percent), benefits (14.0 percent), rent (12.3 percent), various support services (13.1 percent), and other expenses (7.6 percent). (See Dollar Cost: Comparison by Object Classification, p. 53.)

In FY 2010 the Commission faced significant challenges in a number of areas, including the need to: (a) adjudicate a rapidly growing number of intellectual property-based investigations without undue delay; (b) develop a number of important trade data and analysis initiatives in order to respond to policymakers' increasingly complex questions regarding trade barriers and trade agreements; (c) improve its internal control procedures and financial management practices; and (d) adjusting to the variable caseload of import injury investigations.

Continued progress in all these areas requires adequate funding. Funding levels significantly below the FY 2012 request level would slow this progress. Funding below the FY 2010 level will require significant adjustment, including reduced funding for management reform contract support, reduced resources to meet operational caseload, and reductions in permanent staff and space. The likely result will be reduced operational effectiveness and a more significant challenge in meeting Government-wide management standards.

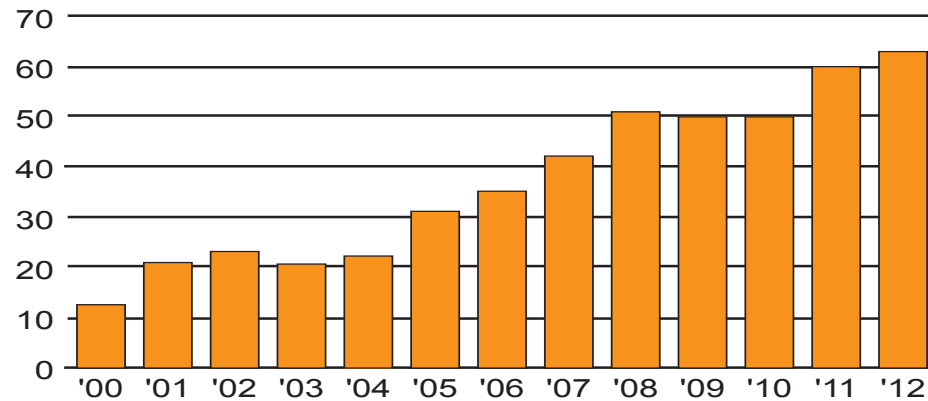
## Intellectual Property Caseload Continues to Grow and Set Record Levels

The Commission is playing an increasingly central role in the protection of U.S. intellectual property (IP) rights. Patents and other IP rights are crucial to the global competitiveness of many U.S. industries. U.S. IP rights are estimated to be worth upwards of \$5 trillion, more than the nominal gross domestic product (GDP) of most other countries. IP-intensive industries accounted for more than one-half of total U.S. exports in the last decade, a share that is rising. The United States is generally a net exporter of IP, global counterfeiting and piracy are also significant and growing, making protection of intellectual property rights (IPR) especially significant for the U.S. economy.



Section 337 caseload at the Commission has been rising over the last decade. In FY 2010, the Commission averaged 50 active section 337 investigations and related proceedings per month and instituted 51 new investigations. At the end of the first quarter of FY 2011, there are 63 active cases. Based on the level of new filings, the level of active cases is expected to increase in both FY 2011 and 2012.

**Operation 2: Intellectual Property-Based Import Investigations: Caseload Fiscal Years 2000-2012**



In recent years, the Commission has presided over approximately one out of every seven patent trials in the United States. The Commission has grown in popularity as an IP venue for several reasons. The Commission’s section 337 venue is dedicated to the adjudication of IP disputes such that its personnel have developed significant experience in the IP area. The Commission also resolves patent disputes quickly, in line with Congressional intent. Most investigations are concluded within 18 months, significantly faster than typical for most district courts. Section 337 cases brought at the Commission also offer IP owners protections not available in other fora. A successful section 337 case can lead to exclusionary orders preventing the entry of imported infringing items, as well as cease and desist orders against imported infringing goods already in the U.S. market. The increased uncertainty regarding the availability of injunctive relief in other fora is likely to lead to even more section 337 cases being filed.

To handle its growing workload, the Commission has increased its resources devoted to section 337. Between FY 2003 and FY 2009, the Commission expanded its administrative law judges (ALJs) corps from three to six. However, scheduling and holding trials on a timely basis has been a challenge. The Commission currently has only

two courtrooms dedicated to section 337 hearings, although the ALJs also may use the Commission's main hearing room. The ALJs also have had use of courtroom space at the U.S. District Court for the District of Columbia. This space will not be available after this summer. Even with additional ALJs and the temporary use of the U.S. District Court space, the average completion time for section 337 investigations has risen in recent years.

In order to ensure sufficient space for an additional courtroom, the Commission sought and was provided funding from the Congress for space in FY 2010. The Commission entered into an eight-year lease for an additional floor in its current building. The Commission's ability to retain and adapt this space to be used as a courtroom will depend on future funding levels. Without reliable additional courtroom space, the times for completion of section 337 investigations may lengthen, contrary to Congressional intent and the needs of litigating parties for timely decisions.

## **The Industry and Economic Analysis Program Continues to Develop New Insights to Help Inform Policymakers**

International trade accounted for nearly 30 percent of U.S. GDP in 2010. In addition, international trade directly or indirectly affected almost all of the remaining 71 percent of the U.S. economy in some way. Given trade's broad importance to the U.S. economy and its international competitiveness, policymakers in the Administration and the Congress are asking more difficult, detailed, and complex questions about trade policy issues. The Commission provides in-depth responses quickly and efficiently by developing and integrating original analytical tools with unique staff expertise. The Commission is also developing new analytical tools and methods that anticipate future potentially important policy issues.

For example, since 2001 the Commission has assessed, or began assessing, the potential impacts on U.S. exports and competitiveness of:

- new and existing bilateral and multilateral trade agreements, since virtually all U.S. trade is covered by some type of international trade agreement;
- the contributions small- and medium-sized enterprises (SMEs) make to U.S. exports, given that SMEs account for about 50 percent of both U.S. employment and private, non-agricultural GDP, and 99 percent of all U.S. firms;

- reducing the growth of foreign nontariff measures (NTMs) affecting U.S. exports;
- the growing foreign direct investment (FDI) and services flows and trade agreements that apply to them. In 2009, FDI stocks amounted to \$5.8 trillion at home and abroad; services comprised about 70 percent of U.S. GDP and \$800 billion in total U.S. trade;
- improved protection of U.S. intellectual property rights in the global marketplace; these rights are estimated to account for \$5 to \$5.5 trillion of U.S. GDP in 2005, or 45 percent; and
- the growing role of global supply chains in international trade, as they combine inputs from multiple countries to produce and deliver a good or service.

In the formulation of policies to strengthen SME exports, the Commission was asked by the USTR to undertake a series of three investigations examining the role of SMEs in exporting. The investigations provided a comprehensive and detailed analysis of (a) the critical role both services and manufacturing SME's play in U.S. exports; (b) the trade and other barriers encountered by SME exporters; and (c) the support provided by other countries to their SME exporters. The investigation, which was based on issuing questionnaires and collecting new data, found that SMEs were responsible for nearly 41 percent of U.S. value added exports in 2007, well above other research estimates of 28 percent. The Commission's investigation also found that SME exports support 4 million jobs, nearly twice as many as other studies have estimated.

In response to the growing role of services and FDI flows in global commerce and in the U.S. economy, the Commission continues to develop new data sets and new capabilities in order to provide policymakers with the more comprehensive and detailed analysis they need to formulate policies affecting these flows.

The Commission has invested in the necessary human, data, and analytical resources to provide timely and detailed responses to a wide variety of requests from the Congress and the Administration for information and analysis related to U.S. exports and competitiveness. The Commission increasingly provides state-by-state estimates and has become globally renowned for its ability to quantify the export effects of foreign NTMs. The Commission recently applied its growing expertise to such areas as:

- examining the effects of IPR infringement and indigenous innovation policies in China on U.S. jobs and the U.S. economy;
- assessing the potential impact of Korea-U.S. (KORUS) FTA on production and employment at the state and regional level;

- evaluating the potential impact on energy and trade intensive industries of proposed legislation regulating emissions; and
- estimating forgone U.S. agricultural exports to India due to governmental policies at the regional and national level in India.

The Commission intends to continue to expand and refine its capabilities as a resource to the Congress and the Administration to assist in developing and implementing sound trade strategies for the benefit of the country.

## **The Commission has Made Significant Progress in Financial Reporting and Internal Controls**

The Commission is committed to the integrity of its financial information, including compliance with Federal guidelines for accounting and financial reporting. The Commission is also committed to strengthening its internal controls over financial management and program operations to support improved accountability.

During FY 2010, the Commission implemented a proactive, aggressive, and comprehensive financial management reform program. The program includes new financial management policies that address deficiencies identified during the FY 2009 financial statement audit. The Commission has compiled all of its financial management policies and procedures into a comprehensive accounting manual, issued in December 2010.

The Commission also completed a comprehensive review and analysis of the amounts reported on the FY 2010 general ledger accounts and financial statements to ensure amounts were supported by detailed records, and costs were accumulated and reported on the financial statements in accordance with applicable accounting standards. As a result of the major efforts taken during FY 2010, the Commission was able to achieve a qualified opinion regarding its FY 2010 financial statements, in contrast to the disclaimer received for the FY 2009 financial statements. While this is a significant improvement from last year, the Commission recognizes that it has much more to do to ensure that resources entrusted to it are managed efficiently.

The Commission has launched a major, high-priority effort to improve its internal controls over financial and program operation and to bring its internal controls into full compliance with Office of Management and Budget (OMB) Circular No. A-123. Enhancing effective internal controls over its operations is a top priority to ensure that the Commission continues to meet its objectives.

The Commission has come a long way in a relatively short period of time, but there are still challenges ahead before reaching full financial accountability. The qualified opinion on the FY 2010 financial statements reflects the accomplishments of the last year; however, the Commission must complete remedial efforts, put lasting reforms in place, hire and train staff, and test compliance. Progress has been achieved through hard work and increased costs to the Commission, both in terms of permanent staff and contractor resources.

Increased resources are required to maintain this momentum and achieve mandated financial management and internal controls reform. Funding levels significantly below the FY 2012 request level would require the Commission to redirect resources from its programmatic offices, which may lead to longer response times for fact-finding investigations. Funding below the FY 2010 level will require significant adjustments, including reduced funding for management reform contract support and reductions in permanent staff and space. Reductions in staff likely will significantly challenge the Commission's ability to meet Government-wide management standards.

## **The Commission Continues to Adjust to the Variable Caseload of Antidumping and Countervailing Duty Investigations and Reviews**

U.S. industries may petition the Government for relief from imports that are sold in the United States at less than fair value or that benefit from countervailable subsidies provided by foreign government programs. In such situations, the Commission investigates and determines whether certain unfairly traded imports injure or threaten to injure the U.S. industry. If the industry is successful, the U.S. Government will impose antidumping or countervailing duties (AD/CVD) on the responsible imports.

Anticipating the cost of Import Injury Investigations in future years is difficult because the level of resources that the Commission must devote to this operation is dependent in part upon whether domestic industries petition the Government for relief. Historically, the Commission's Import Injury caseload has tended to be counter-cyclical in that new filings tend to increase during economic downturns.

The number of new petitions in FY 2010 was abnormally low given the economic conditions. The breadth and depth of the recent recession may have contributed to the lower filings – U.S. imports fell faster than did demand. As the economy recovers, consumption and imports are likely to increase and new filings may rise. Thus, the Commission projects a modest increase in new filings in FY 2011 and FY 2012. In addition, China’s increasing profile in total U.S. imports may contribute to an increase in AD/CVD filings concerning imports from China.

In five-year (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 were to be revoked. A review must be conducted on each AD/CVD order every five years as long as the order remains in effect. Unlike for original investigations, which are triggered by a petition, the Commission generally knows the number of reviews it will be conducting during the next five years. The total number of review cases in FY 2011 will be above previous years because of the level of orders that are scheduled to come up for review. While the decline in new filings in FY 2010 will result in a lower number of final investigations in FY 2011, the increase in sunset review investigations in FY 2011 will lead to an increase in overall caseload.

# Fiscal Year 2012 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, \$87,000,000 to remain available until expended.”*

# Strategic Operation No. 1: Import Injury Investigations

Strategic Operation No. 1 covers the Commission's statutory 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:

- Antidumping and Countervailing Duty (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 (FTAs) (e.g., sections 302 and 312 of the North American Free Trade Agreement (NAFTA) Implementation Act of 1993); and
- World Trade Organization (WTO) consistency proceedings requested by USTR, as provided in section 129(a)(4) of the Uruguay Round Agreements Act.

The Commission's work on import injury investigations ensures that each import injury determination is based on an appropriate investigative record and made within the statutorily mandated time, and that all procedures are transparent and fair.

In FY 2010, all of the Commission's import injury caseload consisted of investigations falling under title VII. While new petition filings were down in FY 2010, the large number of preliminary investigations filed in FY 2009 resulted in a large number of final investigations in FY 2010; in addition, institutions and completions of sunset reviews were also higher. Overall caseload for import injury investigations for FY 2010 averaged 15 active cases per month, which is slightly above the average for the period FY 2007 through FY 2009 (13 active cases per month).

New investigations increased during the second half of FY 2009; however, the number of new petitions in FY 2010 was significantly lower. While new filings tend to increase during an economic downturn, the breadth and the depth of the recent recession may have contributed to the lower filings, as U.S. imports fell faster than demand. As the economy recovers, consumption and imports are likely to increase and new filings may rise.



While the decline in new filings in FY 2010 will result in a lower number of final investigations in FY 2011, the increase in sunset review investigations in FY 2011 will lead to an increase in overall caseload. The Commission projects new filings will return to more typical levels in FY 2011 and FY 2012.

## 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 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 AD/CVD investigations in accordance with statutes that implement U.S. international obligations.

The Commission experienced an increase in new filings in the second half of FY 2009, with 12 of the 15 new filings occurring during that time. However, due to the decline in global trade and U.S. imports during the recession, this trend did not continue into FY 2010. Although the Commission originally projected 16 preliminary investigations for FY 2010, actual filings were 3. The Commission projects a modest increase in new filings in FY 2011 and FY 2012. In addition, China’s increasing profile in total U.S. imports may contribute to an increase in AD/CVD filings concerning imports from China. In FY 2010, the Commission instituted 3 preliminary and 12 final AD/CVD investigations and completed 8 preliminary and 11 final investigations. Most notable among the final investigations instituted in FY 2010 were the AD/CVD investigations concerning certain coated paper suitable for high-quality print graphics using sheet-fed presses from China and Indonesia, which involved a U.S. market valued at \$2.2 billion in 2009. The Commission projects a caseload of 6 preliminary and 4 final investigations instituted and 5 preliminary and final investigations completed in FY 2011. For FY 2012, the Commission projects 10 preliminary

and 9 final investigations to be instituted and 10 preliminary and 8 final investigations to be completed. (See Strategic Operation No. 1: Import Injury Investigations Caseload, p. 18.) The Commission charged 25.7 workyears of direct labor to AD/CVD investigations in FY 2010. (See Workyears by Activity and Office, p. 62.)

## 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 were to be revoked. A review must be conducted on each AD/CVD order 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 it finds that responses of domestic and/or foreign interested parties to the notice of institution are inadequate. A full review occurs when there is adequate participation from both sides or when the Commission otherwise 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. All review investigations have statutory deadlines; 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.

During FY 2010, the Commission instituted 21 sunset reviews. Of those, 3 reviews were terminated shortly after initiation by Commerce because of no domestic industry response. One other full review was terminated by the Commission (prior to completion) following a changed circumstance review by Commerce that resulted in the revocation of the order. For the remaining 17 cases, the Commission determined to conduct 9 full reviews and 8 expedited reviews. The Commission completed 10 full reviews and 8 expedited reviews during the year. (See Strategic Operation No. 1: Import Injury Investigations Caseload, p. 18.) Two notable sunset reviews instituted by the Commission in FY 2010 involved wooden bedroom furniture from China and frozen warmwater shrimp from Brazil, China, India, Thailand, and Vietnam. The U.S. markets for wooden bedroom furniture and warmwater shrimp were \$3.4 billion and \$4.2 billion, respectively, in 2009. The Commission charged 15.1 workyears of direct labor to sunset reviews in FY 2010. (See Workyears by Activity and Office, p. 62.)

Sunset reviews must be instituted five years after an AD/CVD order is issued or continued; consequently, the sunset caseload can be projected with relative accuracy five years in advance. Based on historical experience, the Commission anticipates institution of 17 full reviews and 11 expedited reviews in FY 2011. In FY 2012, the Commission expects to institute 8 full reviews and 6 expedited reviews. (See Strategic Operation No. 1: Import Injury Investigations Caseload, p. 18.) The Commission assumes that on average about two reviews per year will be revoked by Commerce due to lack of domestic interest.

## 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 FTAs (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; or 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 collects and analyzes new information in response to an order from one of its reviewing courts or bodies.

There have been no new global safeguard petitions filed under section 201 of the Trade Act of 1974 in the last six years. In FY 2010, the Commission did not initiate any global safeguard investigations, any changed circumstances reviews, or any China safeguard investigations. However, in FY 2010, the Commission did continue to work on one remand investigation in which the record was reopened. Based on historical averages, the Commission anticipates reopening the record in a limited number of remands in both FY 2011 and FY 2012. (See Strategic Operation No. 1: Import Injury Investigations Caseload, p. 18.)

## Litigation

If an appeal challenging a Commission title VII determination is filed in the U.S. Court of International Trade (CIT), or before a binational review panel under NAFTA, the Office of the General Counsel (OGC) defends the Commission's determination. OGC also represents the Commission in appeals of CIT decisions to the U.S. Court of Appeals for the Federal Circuit (Federal Circuit). If there is a dispute brought before the WTO involving a Commission import injury determination, OGC assists USTR in defending that determination, which falls under Strategic Operation No. 5.

In FY 2010, 8 new cases were filed in the CIT and the Federal Circuit involving challenges to Commission determinations in injury investigations and sunset reviews. This number of new appeals is below the number of new appeals filed in FY 2009 (14 appeals filed) and FY 2008 (13 appeals filed). OGC expects that, in FY 2011, the number of appeals challenging the Commission's injury and sunset determinations will be similar to the number of such appeals filed in FY 2010. In addition, one case challenging the decision in the China safeguard investigation on certain passenger vehicle and light truck tires was filed at the WTO. Furthermore, 8 new appeals challenging the actions of the Commission and the U.S. Customs and Border Protection (Customs) under the Continued Dumping and Subsidy Offset Act (the "Byrd Amendment") were filed in Federal courts in FY 2010. This continues the decline from the number of new appeals under the Byrd Amendment; in FY 2009, 12 such appeals were filed and in FY 2008, 21 were filed. This decline largely reflects the repeal of the Byrd Amendment effective for subject imports entered after October 1, 2007.

During FY 2010, OGC filed 10 major briefs and remand determinations. Also during FY 2010, OGC represented the Commission in nine oral arguments in AD/CVD cases before U.S. courts and NAFTA panels. The Commission charged 3.7 workyears of direct labor to import injury litigation before either domestic courts or international panels in FY 2010. (See Workyears by Activity and Office, p. 62.)

As of September 2010, 85 appeals involving Commission title VII determinations were pending at the CIT, the Federal Circuit, and NAFTA panels. The number of appeals pending at the end of September 2010 is above the historically high levels seen in September 2009, when 71 such appeals were pending.

## Resource Requirements and Workload for Import Injury Investigations

In the aggregate, Strategic Operation No. 1 utilized 26.6 percent of the Commission's resources in FY 2010 (see Dollar Cost: Comparison by Strategic Operation, p. 59), amounting to \$22.5 million and 103 workyears (see Budget Summary by Strategic Operation, p. 61). In FY 2010, Strategic Operation No. 1 accounted for direct costs of \$12.3 million and 70 workyears. (See Strategic Operation No. 1: Import Injury Investigations Resource Requirements, p. 17.) In FY 2010, five offices together accounted for approximately 78 percent of the direct workyears. The Office of Investigations, the Commissioners' offices, and OGC charged 20.5, 11.3 and 11.1 workyears, respectively, while the Office of Economics and the Office of Industries charged 8.1 and 3.3 workyears, respectively. (See Workyears by Activity and Office, p. 62.)

During FY 2010, the Commission instituted 32 import injury investigations, including sunset reviews, and completed 37. The Commission projects that 40 investigations will be instituted and 29 will be completed in FY 2011, and that 35 will be instituted and 46 will be completed in FY 2012. As of December 2010, there were 9 active import injury investigations pending at the Commission. (See Strategic Operation No. 1: Import Injury Investigations Caseload, p. 18.)

## Annual Performance Plans for FY 2011 and FY 2012

In its Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting import injury investigations. The Commission has issued user surveys, soliciting feedback from the trade bar regarding process improvements and it will continue that practice in FY 2011. In addition, the Commission continues to explore areas to streamline the data collection process, such as improvements in questionnaires and electronic collection of questionnaire data. The Commission will continue to seek to improve public access to information about its cases and procedures, primarily through design enhancements to its website, and will continue to ensure that its proceedings are conducted fairly and completed in a timely manner. For example, during FY 2010, the Commission began the process of updating the sunset review database, which will both improve internal efficiency in posting documents and will improve usability.

## Strategic Operation No. 1: Import Injury Investigations Resource Requirements, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Category of Obligation	FY 2010 Actual		FY 2011 Estimate		FY 2012 Estimate		FY 2011–12 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs <sup>2</sup>								
Personnel Compensation	70	\$8,438	70	\$8,463	70	\$8,487	0	\$24
Benefits		2,139		2,147		2,160		13
Rent		1,709		1,721		1,735		14
Travel		18		47		47		-1
Subtotal	70	\$12,304	70	\$12,379	70	\$12,429	0	\$52
B. Indirect Costs <sup>3</sup>								
Personnel Compensation	33	\$3,619	33	\$3,631	33	\$3,642	0	\$11
Benefits		918		921		927		6
Rent		765		771		778		7
Travel/Transportation		141		155		156		2
Training		84		135		159		24
Equipment/Communications and Equipment Rental		757		837		802		-35
Postage/Printing and Reproduction		96		96		106		9
Land and Structures		408		426		179		-247
Services		3,232		2,795		3,037		241
Supplies		198		256		297		42
Subtotal	33	\$10,218	33	\$10,023	33	\$10,083	0	\$60
<b>Total Resource Requirements</b>	<b>103</b>	<b>\$22,522</b>	<b>103</b>	<b>\$22,402</b>	<b>103</b>	<b>\$22,512</b>	<b>0</b>	<b>\$110</b>

<sup>1</sup> Totals may not add due to rounding.

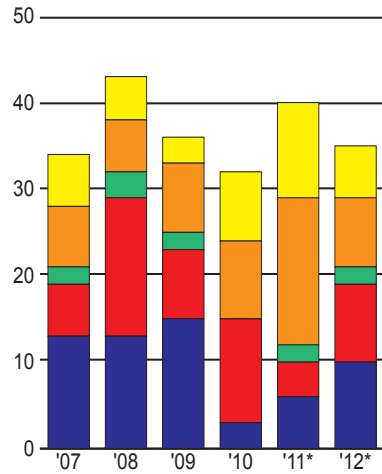
<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commission's Strategic Plan.

<sup>3</sup> Indirect costs include personnel costs such as OEEO and general administration support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

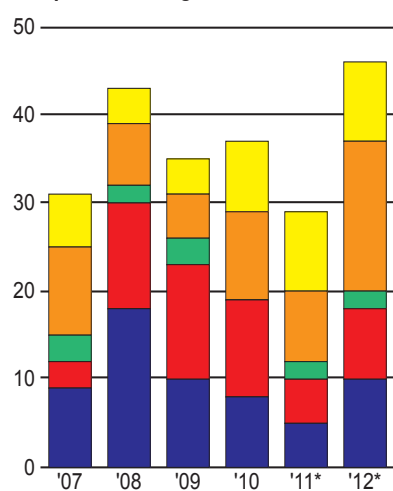
Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

# Strategic Operation No. 1: Import Injury Investigations Caseload

Instituted Investigations, FY 2007–2012



Completed Investigations, FY 2007–2012



Summary of Import Injury Investigations, FY 2007–2012

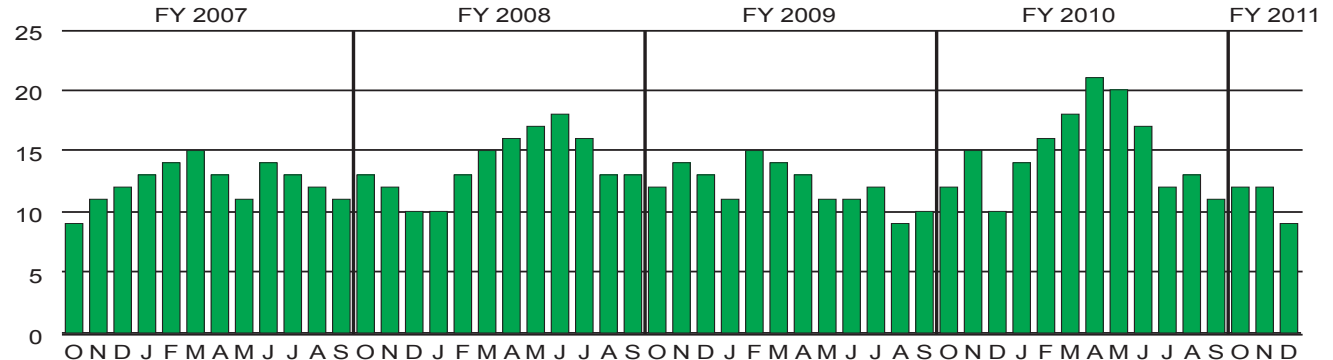
Type and Status	FY 2007 actual	FY 2008 actual	FY 2009 actual	FY 2010 actual	FY 2011 estimate	FY 2012 estimate
<b>Import Injury Investigations Instituted</b>						
Preliminary Title VII <sup>1</sup> .....	13	13	15	3	6	10
Final Title VII <sup>1</sup> .....	6	16	8	12	4	9
Other <sup>2</sup> .....	2	3	2	0	2	2
Full Sunset <sup>3</sup> .....	7	6	8	9	17	8
Expedited Sunset <sup>3</sup> .....	6	5	3	8	11	6
<b>Total.....</b>	<b>34</b>	<b>43</b>	<b>36</b>	<b>32</b>	<b>40</b>	<b>35</b>
<b>Completed</b>						
Preliminary Title VII <sup>1</sup> .....	9	18	10	8	5	10
Final Title VII <sup>1</sup> .....	3	12	13	11	5	8
Other <sup>2</sup> .....	3	2	3	0	2	2
Full Sunset.....	10	7	5	10	8	17
Expedited Sunset.....	6	4	4	8	9	9
<b>Total.....</b>	<b>31</b>	<b>43</b>	<b>35</b>	<b>37</b>	<b>29</b>	<b>46</b>

<sup>1</sup> 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.

<sup>2</sup> Other includes section 201 Safeguard review, section 421 China Safeguard, remands with reopened records, and other investigations.

<sup>3</sup> Does not include reviews that were terminated without Commission determination.

Active<sup>†</sup> Import Injury Investigations, by month, for October 2007 through December 2010



\* Estimate

† Active during the month

Source: Office of Investigations

# Strategic Operation No. 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. The Commission's strategic goal for Operation No. 2 is to conduct intellectual property-based import investigations in an expeditious, technically sound, and transparent manner, and provide for effective relief when relief is warranted, to support a rules-based international trading system.

Most section 337 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 and typically following interagency review, disapprove Commission exclusion and/or cease and desist orders within 60 days of their issuance. Commission determinations may be appealed to the Federal Circuit.

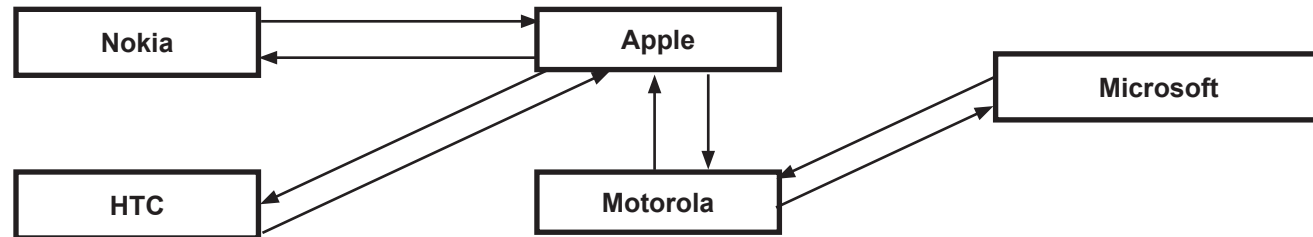
Section 337 investigations normally are instituted after a private party files a complaint. Most phases of these trial type investigations must be conducted in conformity with the formal adjudication provisions of the Administrative Procedure Act. The Commission is required to determine whether there has been a violation of section 337 and, if so, the appropriate remedy to be imposed. The Commission's ALJs, with the assistance of their staff, conduct conferences and trials, issue initial determinations, and facilitate and approve settlement agreements. The Office of Unfair Import Investigations (OUII) conducts pre-institution review of complaints, advises the Commission on whether to institute an investigation, and may participate (when appropriate) as a party to the litigation before the ALJ. The determinations of the ALJs are subject to discretionary review or adoption by the Commission. OGC provides advice to the Commissioners during the review process and defends the final Commission decision during any subsequent appeal.



The Commission endeavors to conclude section 337 investigations as expeditiously as possible, preferably less than 18 months after institution. Speedy resolutions are particularly important for high-technology products that tend to have shorter commercial shelf lives, and such products accounted for a significant share of the Commission's section 337 caseload in FY 2010.

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 very broad. Nevertheless, approximately 50 percent of the 103 investigations active in FY 2010 involved integrated circuit, computer, telecommunications, and other electronic technologies, including flash memory, liquid crystal displays, and cellular telephones. Chemical compositions and processes, manufacturing equipment, and wind turbines were among the many other technologies at issue in section 337 investigations this year. A variety of consumer items, ranging from ink cartridges to refrigerators, were also the focus of investigations conducted during FY 2010. Of particular note, the Commission was the focal point for a multi-forum IP dispute regarding smartphone technology. The Commission continues to adjudicate multiple investigations between the major software and hardware providers in this market segment.

**Eight Separate Smartphone-related Patent Infringement Investigations Pending at the USITC**



The number of institutions reached a record level in FY 2010, surpassing the previous record set in FY 2008. Specifically, 58 new investigations and ancillary proceedings were instituted in FY 2010 as compared to 50 in FY 2008. As the number of institutions has increased, so has the total number of section 337 investigations and ancillary proceedings active during the course of a year. Whereas 57 investigations and ancillary proceedings were active during all of FY 2005, a total of 103 were active during the course of FY 2010. (See Strategic Operation No. 2: Intellectual Property-Based Import Investigations Caseload, p. 25.)

The marked caseload increase experienced in recent years has also fueled an increase in appeals, which can be expected to result in some increase in remands. (The average number of pending appeals of section 337 determinations during FY 2009 and FY 2010 were well above historical levels, reflecting the increased number and complexity of section 337 investigations.) The increased number of investigations has also led to the issuance of more exclusion orders, which may well result in an increase in ancillary proceedings such as enforcement, modification, and advisory opinion proceedings. Moreover, the section 337 workload will likely remain quite high in FY 2012 since, in addition to 60 anticipated new filings in FY 2011, more than 50 investigations are likely to carry over from FY 2011 into FY 2012.

Section 337 cases brought at the Commission offer IP owners protections not available in other fora, such as exclusionary orders and cease and desist orders. For this reason, the business community appears to regard the Commission as a preferred forum for the redress of IP infringement. Thus, the high level of new section 337 complaint filings is expected to continue, particularly by patent holders in the telecommunications and computer sectors. Also, since the U.S. Supreme Court's 2006 *eBay* decision, which has made it more difficult for patent-holders that do not themselves practice a patent to obtain injunctions in district courts, exclusion orders have increasingly been sought by non-practicing entities that hold U.S. patents. The increased uncertainty regarding the availability of injunctive relief in other fora is likely to lead to additional interest in the Commission's section 337 practice. Other factors are also likely to require increased resources to meet the section 337 workload. For example, as a result of the Federal Circuit's *Kyocera* decision, complainants in a substantial number of investigations have been naming large numbers of respondents in their section 337 complaints, which adds considerably to the complexity of investigations.

Accordingly, the Commission projects a large number of new section 337 investigations and ancillary proceedings for both FY 2011 and FY 2012. Specifically, the Commission projects that approximately 60 new investigations and ancillary proceedings will be instituted in FY 2011 and FY 2012. Also, in FY 2010, the Commission completed 52 investigations and ancillary proceedings, as compared to the 40 completed in FY 2009. Approximately 55 are projected to be completed in both FY 2011 and FY 2012.

During FY 2010, the Commission instituted 58 new investigations and ancillary proceedings, consisting of 51 investigations based on new complaints and 7 ancillary proceedings. Another 45 investigations and ancillary proceedings carried over from FY 2009. As a result of this heavy investigative caseload, the amount of appellate litigation is also expected to remain high in FY 2011 and FY 2012.

At the end of FY 2010, 28 appeals from 19 section 337 determinations were pending before the Federal Circuit. Fifteen other appeals were litigated to completion, dismissed for jurisdictional reasons, or voluntarily dismissed by appellants during FY 2010. The average number of pending appeals of section 337 appeals during this fiscal year increased over the already high number in FY 2009. The Federal Circuit held oral argument in nine section 337 cases. Three cases related to Commission section 337 investigations were pending in the U.S. bankruptcy courts or district courts during FY 2010, all of which were completed at the district court level during the fiscal year; oral argument was held in two of these. The average number of pending appeals of section 337 determinations during FY 2010 remained above historical levels, reflecting the increased number and complexity of section 337 investigations filed in recent years. The Commission expects that the anticipated heavy investigative caseload in FY 2011 and FY 2012 will lead to continued high levels of appellate litigation in those years.

The doubling of the caseload between FY 2004 and FY 2008 led the Commission to approve two additional ALJ positions and related staff in FY 2007 and FY 2008. These new positions allow for a more reasonable distribution of the increased caseload among the ALJs and facilitate the expeditious resolution of section 337 investigations. However, as the caseload grew and the ALJ corps expanded, the scheduling of evidentiary hearings has been hampered by a lack of courtroom space. To address this constraint, the Commission undertook to lease the second floor of its building and took possession of this space at the end of July 2010. The design plans for additional courtroom space have now been finalized and construction can begin immediately if FY 2011 and FY 2012 funding are adequate to complete the courtroom and cover the second floor rent. Without additional courtroom space and other resources, target dates may extend, contrary to Congressional intent and the needs of litigating parties for timely decisions. If caseload continues to grow, the Commission may need to consider a seventh ALJ and necessary staff support within the next few years to avoid substantial lengthening of target dates.

The Commission took other steps to assist in meeting the challenges of its increased section 337 workload, including launching a pilot mediation program in FY 2009 to help reduce the number of cases that are fully litigated, and conducting a detailed review of human capital requirements and allocations for Strategic Operation No. 2 during FY 2009—FY 2010. The Commission also conducted a third survey of exclusion order holders in FY 2010 regarding the effectiveness of exclusion orders. The results of the survey will be compiled and reported during FY 2011.

## Resource Requirements and Workload for Intellectual Property-Based Import Investigations

In the aggregate, Strategic Operation No. 2 utilized 25.7 percent of the Commission's resources in FY 2010 (see Dollar Cost: Comparison by Strategic Operation, p. 59), amounting to \$21.4 million and 99 workyears (see Budget Summary by Strategic Operation, p. 61). In FY 2010, Strategic Operation No. 2 accounted for direct costs of \$11.3 million and 66 workyears. (See Strategic Operation No. 2: Intellectual Property-Based Import Investigations Resource Requirements, p. 24.) Commission personnel spent 40.7 workyears on section 337 investigations and 5.4 workyears on section 337 litigations. OUII, the Office of the ALJs, and OGC charged 18.4, 16.3, and 12.0 workyears, respectively. (See Workyears by Activity and Office, p. 62.)

## Annual Performance Plans for FY 2011 and FY 2012

In its Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (see attached), the Commission has set goals designed to improve its performance in conducting intellectual property-based import investigations. The Commission will continue to seek to complete proceedings expeditiously, increase the effectiveness of agency orders, and enhance the 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. Moreover, the Commission has added two new Performance Goals for FY 2011. First, the Commission will better serve its customers by conducting outreach to bar groups and others to increase understanding of Commission capabilities and processes. Second, the Commission will take steps designed to identify and gather information on potential public interest issues earlier in the section 337 process in order to facilitate consideration of any such issues by the Commission and the President.

## Strategic Operation No. 2: Intellectual Property-Based Import Investigations Resource Requirements, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Category of Obligation	FY 2010 Actual		FY 2011 Estimate		FY 2012 Estimate		FY 2011–12 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs <sup>2</sup></b>								
Personnel Compensation	66	\$7,762	69	\$8,322	71	\$8,655	2	\$332
Benefits		1,968		2,147		2,331		184
Rent		1,534		1,812		2,005		193
Travel		17		46		46		-1
Subtotal	66	\$11,281	69	\$12,328	71	\$13,036	2	\$708
<b>B. Indirect Costs <sup>3</sup></b>								
Personnel Compensation	33	\$3,499	35	\$3,867	37	\$4,188	2	\$321
Benefits		887		1,005		1,183		177
Rent		687		871		1,057		186
Travel/Transportation		107		122		124		2
Training		70		124		151		27
Equipment/Communications and Equipment Rental		787		871		832		-39
Postage/Printing and Reproduction		98		98		109		11
Land and Structures		416		435		158		-277
Services		3,376		2,912		3,183		271
Supplies		202		263		310		47
Subtotal	33	\$10,128	35	\$10,570	37	\$11,294	2	\$724
<b>Total Resource Requirements</b>	<b>99</b>	<b>\$21,409</b>	<b>104</b>	<b>\$22,898</b>	<b>108</b>	<b>\$24,330</b>	<b>4</b>	<b>\$1,432</b>

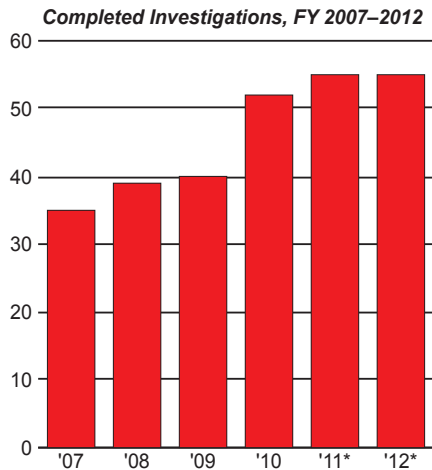
<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commission's Strategic Plan.

<sup>3</sup> Indirect costs include personnel costs such as OEEO and general administration support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

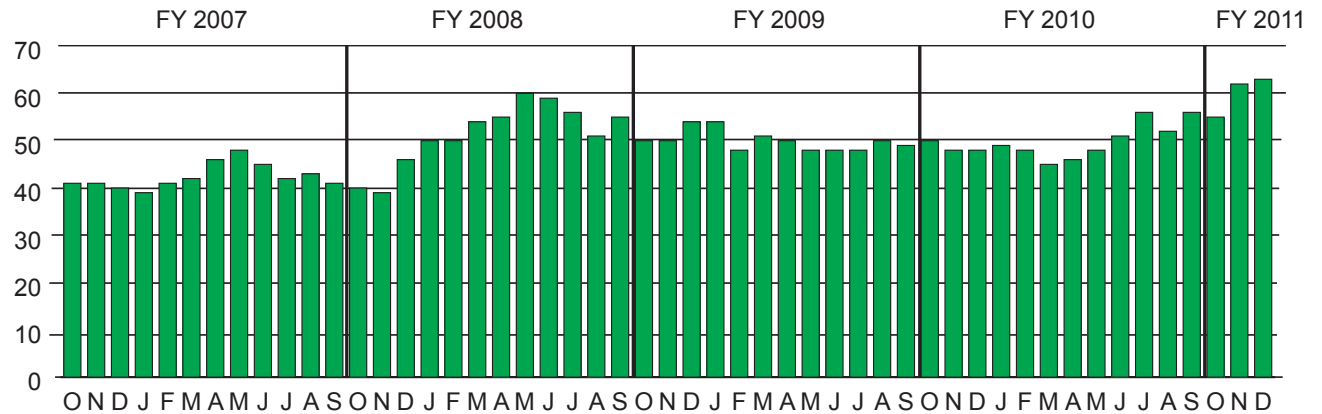
# Strategic Operation No. 2: Intellectual Property-Based Import Investigations Caseload



**Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, FY 2007–2012**

Status	FY 2007 actual	FY 2008 actual	FY 2009 actual	FY 2010 actual	FY 2011 estimate	FY 2012 estimate
Instituted .....	33	50	36	58	60	60
Active .....	73	88	85	103	110	115
Completed .....	35	38	40	52	55	55

**Active<sup>†</sup> Intellectual Property-Based Import Investigations and Ancillary Proceedings, by month, for October 2007 through December 2010**



\* Estimate

<sup>†</sup> Active during the month

Source: Office of Unfair Import Investigations

# Strategic Operation No. 3: Industry and Economic Analysis

The Commission's industry and economic analysis provides policymakers in the legislative and executive branches with a sound foundation as they consider policy decisions. As a recognized leader in the analysis of international trade and industry competitiveness, the Commission is able to provide its external customers with high-quality objective analysis that is both timely and relevant to U.S. trade policy. In FY 2010, the Commission delivered 18 statutory reports to its customers, including studies that provided unique insights on trade related issues by, for example, assessing the extent to which NTMs limited U.S. agricultural exports to India, synthesizing research on the export barriers faced by U.S. SMEs, and analyzing transactions level trade data to detail the way U.S. importers use the "First Sale" rule for customs valuation.

For FY 2011 and FY 2012, the Commission has set goals to further enhance the analytical and quantitative insights it can provide on trade related issues using new economic modeling approaches, data sets, and advanced data analysis techniques while expanding into emerging areas of analysis. The Commission received a relatively high number of customer requested investigations in recent years, and spent 45.6 workyears on investigative research in FY 2010. Based on the average number of active investigations received over the last five years, Commission staff expects to have 25 active investigations in FY 2011 and 22 active in FY 2012, compared with 29 in FY 2010.

To maintain high quality, objective, and timely analytical capabilities, the Commission's industry and economic experts enhance their expertise by conducting staff initiated research and analysis in areas of significant importance to the U.S. economy. These efforts focus on developing the expertise necessary to support customer requested investigations in Strategic Operation Nos. 1, 3, and 4, as well as technical support provided to the legislative and executive branches in the form of staff-to-staff assistance under Strategic Operation No. 5.

## Investigations

Investigations conducted by the Commission under Strategic Operation No. 3 generally fall into three broad categories:

- *General Factfinding and Analytical Investigations*, which include non-recurring and recurring investigations conducted pursuant to section 332 of the Tariff Act of 1930;
- *Probable Economic Effect Investigations*, which include investigations required by section 131 of the Trade Act of 1974, and by consultation and layover requirements of various trade agreement implementation acts; and
- *Assessments of Negotiated Trade Agreements*, which include investigations regarding the effects of negotiated FTAs, as mandated by section 2104 of the Trade Act of 2002.

Investigations often involve: (1) public hearings, (2) written or telephone surveys of U.S. producers, importers, and consumers, (3) domestic and foreign fieldwork, (4) interviews with industry, government, and academic experts, (5) extensive literature reviews, (6) data compilation, and (7) developing and applying new and insightful analytical techniques. Investigations typically last 3 to 12 months, but can vary considerably as a result of the complexity or urgency of the requested subject. Likewise, staffing can vary considerably, from a few team members to 50 or more team members, consisting of trade analysts, economists, and attorneys.

During FY 2010, the Commission had 29 active investigations, completed 13 investigations, and instituted 14 new investigations, all increases over FY 2009 levels (22 active, 10 completed, 9 instituted). (See Strategic Operation No. 3: Industry and Economic Analysis Investigations Caseload, p. 38.) The number of active investigations per month ranged from a high of 19 in June and July 2010 to a low of 13 in November 2009 and January 2010, and averaged 15.5 for all of FY 2010. As a result of a higher statutory workload, workyears charged to Strategic Operation No. 3 investigations increased from 32.6 in FY 2009 to 45.6 in FY 2010. (See Workyears by Activity and Office, p. 62.)



## *General Factfinding and Analytical 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: (1) the President through the USTR, (2) the House Committee on Ways and Means, or (3) the Senate Committee on Finance to direct the Commission to conduct specific trade-related investigations and to report its findings. The Commission is also 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 tariffs, nontariff barriers, and other background information to assist U.S. trade negotiators;
- monitoring and reporting on specific countries or regions regarding economic and trade activities as specified by the requestor; and
- analyzing specific industries and products and providing information regarding the conditions of competition in U.S. and foreign markets, trade levels and trends, and government policies affecting the industries.

USTR and the Congress often request one-time investigations that include time-critical information on current economic issues. Requests can also take the form of recurring or multi-year investigations. In those cases, reports may be delivered over a specific timeframe, such as yearly, over five years, or until terminated. In FY 2010, Commission staff charged 41.8 workyears to general factfinding and analytical investigations.

The Commission completed 9 non-recurring investigations during FY 2010, up from 4 in FY 2009. The Commission charged 13.2 workyears to these investigations in FY 2010, an increase of 5.2 workyears from the FY 2009 level.

Of particular note were investigations requested by USTR concerning the participation of U.S. SMEs in international goods and services trade. The Commission completed 2 of the investigations during FY 2010:

- ***Small and Medium-Sized Enterprises: Overview of Participation in U.S. Exports***, Inv. No. 332-508 (Pub. 4125, January 2010). This report surveys all available data regarding U.S. exports by SMEs, identifies gaps in the existing data, and describes the characteristics of SMEs, their exports, and their role in generating employment and economic activity in the U.S. economy.

- ***Small and Medium-Sized Enterprises: U.S. and EU Export Activities, and Barriers and Opportunities Experienced by U.S. Firms***, Inv. No. 332-509 (Pub. 4169, July 2010). This report analyzes the performance of U.S. SME firms in exporting compared to SMEs exporting in the European Union.

The Commission completed the third requested SME-related study, of the examination of SMEs involved in services trade, in early FY 2011.

Brief descriptions of the additional seven studies completed in FY 2010 are presented below:

- ***India: Effects of Tariffs and Nontariff Measures on U.S. Agricultural Exports***, Inv. No. 332-504 (Pub. 4107, November 2009). This report provides an overview of the Indian agricultural market; a description of the principal measures affecting Indian agricultural imports; information on Indian government regulations, including state regulations, covering agricultural markets and foreign direct investment affecting U.S. agricultural products in India; an evaluation of the impact of India's food marketing and distribution system; and a quantitative analysis of the economic effects of Indian tariffs, and to the extent possible, nontariff measures on U.S. agricultural exports to India.
- ***Use of the "First Sale Rule" for Customs Valuation of U.S. Imports***, Inv. No. 332-505 (Pub. 4121, December 2009). This report provides a review of the use of the "first sale rule," a method of determining the transaction value of imported goods.
- ***Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2009 Review of Additions and Removals***, Inv. No. 332-507 (Pub. 4126, March 2010). This report provides advice on the likely impact on competing U.S. industries of the addition of five HTS subheadings to the list of articles eligible for the GSP and the removal of two HTS subheadings from duty-free status for certain beneficiary developing countries.
- ***Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2009 Review of a Competitive Need Limit Waiver***, Inv. No. 332-512 (Pub. 4140, April 2010). This report provides advice as to the impact of granting a waiver of the competitive need limits for Thailand for new pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars) (HTS subheading 4011.10.10).

- ***Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2010 Special Review, Certain Sleeping Bags***, Inv. No. 332-513 (Pub. 4141, April 2010). This report provides advice on the likely impact on the competing U.S. industry, U.S. imports, and U.S. consumers of the removal of HTS subheading 9404.30.80 (sleeping bags not containing 20 percent or more by weight of feathers and/or down) from duty-free status with respect to all beneficiary countries.
- ***ASEAN: Regional Trends in Economic Integration, Export Competitiveness, and Inbound Investment for Selected Industries***, Inv. No. 332-511 (Pub. 4176, August 2010). This report provides an overview of regional trends in economic integration, export competitiveness, and inbound investment for six sectors.
- ***Pharmaceutical Products and Chemical Intermediates, Fourth Review: Advice Concerning the Addition of Certain Products to the Pharmaceutical Appendix to the HTS***, Inv. No. 332-520 (Pub. 4181, September 2010). This report provides a summary description of the products contained in the existing Pharmaceutical Appendix and the modifications to be made to that Appendix; an explanation of the relationship between the various elements in the Appendix and the HTS; and an estimate of current U.S. imports and, when possible, current U.S. exports of the products included in the existing Pharmaceutical Appendix and the proposed additions to the Appendix, based on product groupings as necessary.

The Commission completed reports on 6 multi-year (recurring) investigations in FY 2010, down from 9 in FY 2009. The Commission charged 6.4 workyears to these investigations in FY 2010, compared to 14.4 workyears in FY 2009. The six recurring reports completed in FY 2010 are listed below:

- ***Ethyl Alcohol for Fuel Use: Determination of the Base Quantity of Imports***, Inv. No. 332-288 (December 2009).
- ***Recent Trends in U.S. Services Trade, 2010 Annual Report***, Inv. No. 332-345 (June 2010).
- ***Textile and Apparel Imports from China: Statistical Reports, Annual Compilation of Bi-weekly Reports***, Inv. No. 332-501 (June 2010).
- ***Textiles and Apparel: Evaluation of the Effectiveness of the Earned Import Allowance Program for Certain Apparel from the Dominican Republic***, Inv. No. 332-503 (July 2010).
- ***Shifts in U.S. Merchandise Trade 2009***, Inv. No. 332-345 (August 2010).

- ***Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution, 2009, 14th Report***, Inv. No. 332-352 (September 2010).

### ***Probable Economic Effect Investigations***

The Commission assesses the potential impact of proposed FTAs 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 certain FTA implementation acts, such as the NAFTA Implementation Act. In FY 2010, Commission staff charged 2.5 workyears to this activity, an increase from 1.2 workyears in FY 2009.

Section 131 investigations involve advice for 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 typically consolidates these two investigations into one report on probable economic effects for negotiators. Section 103 investigations analyze the likely effect of modification to the rules of origin under specific trade agreements.

The Commission completed four probable economic effect investigations during FY 2010.

- ***U.S.-Trans-Pacific Partnership Free Trade Agreement: Advice on Probable Economic Effect of Providing Duty-Free Treatment for Imports***, Inv. No. 131-34/ 2104-26 (Classified).
- ***Certain Textile Articles Containing Rayon and Other Manmade Fibers: Effect of Modification of NAFTA Rules of Origin for Goods of Canada and Mexico***, Inv. No. 103-23 (Pub. 4119, December 2009).
- ***Certain Textile Articles Containing Acrylic and Modacrylic Fibers: Effect of Modifications of NAFTA Rules of Origin for Goods of Canada***, Inv. No. 103-24 (Pub. 4119, December 2009).
- ***Certain Combed Cotton Yarns: Effect of Modification of U.S.-Bahrain FTA Rules of Origin***, Inv. No. 103-25 (Pub. 4173, July 2010).

## *Assessments of Negotiated Trade Agreements*

The Commission assesses the likely economywide and selected sectoral effects of negotiated FTAs as mandated by section 2104(f) of the Trade Act of 2002. The act requires the Commission to analyze the likely effects of negotiated trade agreements on the U.S. economy and on specific U.S. economic sectors, including the effects on U.S. gross domestic product, trade, employment, and consumers.

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. The Administration did not negotiate any new FTAs in FY 2009 or FY 2010 and so the Commission was not asked to conduct any “90 90” studies in those years.

## *Other Investigations*

In addition to the three major types of statutory investigations, the Commission conducts an annual investigation regarding the Operation of the Trade Agreements Program each year as required by section 163(c) of the Trade Act of 1974. See *The Year in Trade 2009: Operation of the Trade Agreements Program*, Inv. No. 163-001 (Pub. 4174, July 2010). During FY 2010, the Commission charged 1.2 workyears to this activity, down from 1.8 workyears in FY 2009.

## **Industry and Economic Analysis Activities**

Other industry and economic analysis activities focus on developing tools and data that will be useful in customer-requested investigations. This work is made available through an array of staff publications on topical and emerging trade issues and the delivery of presentations to many government agencies, academic conferences, and private sector associations. Commission industry analysts and research economists must maintain expert knowledge of the U.S. and global economies and have a high level of industry, regional, and economic expertise. This expertise is frequently called upon by trade policymakers in the executive and legislative branches for informal assistance and counsel. Staff publications and presentations are intended to keep the Commission, trade policymakers, and the public informed of the latest developments in the international trade arena that potentially affect specific

U.S. industries, as well as to provide a forum for external, technical review and comment for Commission staff. Preparation of trade publications, formal presentations, and participation in supporting activities are essential to maintaining staff knowledge, skills, and abilities.

Staff research initiatives include articles in the Journal of International Commerce and Economics (JICE), staff research studies, conference/working papers, and research notes/publications. With an increase in requested investigations in FY 2010, Commission staff decreased the time spent on research and expertise-building initiatives from 28.3 workyears in FY 2009 to 19.0 workyears in FY 2010, including: 2.7 workyears on industry and trade summaries (down from 5.5 workyears in FY 2009); 1.4 workyears on the India research initiative; 1.4 workyears on NTMs; and 1.2 workyears on U.S. Solar and Wind research.

The Commission employs numerous approaches to analyze the effects of any changes in U.S. trade policies on the U.S. economy in specific industrial, agricultural, or service sectors. These methods include survey methods and statistical, econometric, and simulation analyses. In particular, Commission personnel continue to refine and further develop the Commission's simulation model of the U.S. economy—the U.S. Applied General Equilibrium (USAGE) model—and its underlying database. During FY 2010, the Commission continued significant independent research to assess the abilities of its current models to capture accurately the effects of trade policy changes. In FY 2010, Commission staff charged approximately 1.6 workyears to USAGE-related efforts. The Commission also regularly uses contract resources to supplement in-house resources and keep its modeling capabilities and databases current.

The Commission's analysts and economists maintain a very high level of knowledge with regard to 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 requested investigative reports to the Congress and the USTR on relatively short notice, thereby meeting increasingly time-sensitive demands of trade policymakers.

## Workload Expectations in FY 2011 and FY 2012

For FY 2011 and 2012, the Commission expects investigative workload levels to return to historically average levels, although staff will continue to address a wide range of trade-related topics. Examples of investigations recently completed or currently underway in FY 2011 include requests to:

- analyze the effects of Chinese IPR infringement on the U.S. economy and U.S. jobs (two reports);
- identify major tariffs and NTMs that restrict U.S. agricultural exports to China;
- assess the probable economic effect of providing duty-free treatment for imports of certain environmental goods (two reports);
- identify the U.S. export and import effects of the existing FTAs with Chile, Singapore, and Australia;
- assess the impact on competing U.S. industries, U.S. imports, and U.S. consumers of the removal of three HTS subheadings for duty-free status for certain beneficiary developing countries; and
- determine the probable economic effect of a U.S. FTA with members of the Trans-Pacific Partnership, including Malaysia.

The Commission has developed and begun to apply its unique capabilities to measure barriers in services trade and to measure and quantify the trade impacts of NTMs. To complement its already existing expertise in merchandise trade, the Commission anticipates developing an extensive database on FDI trade and further expanding our services NTM database, areas which can have significant implications for the domestic economy and employment. The Commission expects that these new competencies will be applied in future investigative work.

## Resource Requirements and Workload for Industry and Economic Analysis

In the aggregate, Strategic Operation No. 3 utilized 36.1 percent of the Commission's resources in FY 2010 (see Dollar Cost: Comparison by Strategic Operation, p. 59), amounting to \$28.9 million and 140 workyears (see Budget Summary by Strategic Operation, p. 61). In FY 2010, Strategic Operation No. 3 accounted for direct cost of \$14.9 million and 91 workyears. (See Strategic Operation No. 3: Industry and Economic Analysis Resource Requirements, p. 37.) Studies produced under Strategic Operation No. 3 are conducted primarily by industry analysts in the Office of Industries who specialize in areas such as agriculture and forest products, textiles, electronics, transportation, chemicals, natural resources, and services; and economists in the Office of Economics with regional or analytical specialties. The Office of Industries and the Office of Economics accounted for 75 percent of the direct workyears charged to this strategic operation in FY 2010, with 47.8 and 20.5 workyears, respectively. (See Workyears by Activity and Office, p. 62.)

As discussed above, during FY 2010, the Commission completed 13 investigations and instituted 14 new investigations. The Commission projects the institution of 14 new investigations in FY 2011 and 14 new investigations in FY 2012. (See Strategic Operation No. 3: Industry and Economic Analysis Investigations Caseload, p. 38.)

## Annual Performance Plans for FY 2011 and FY 2012

As reflected in its Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (see attached), the Commission's goals are to provide sound research products in an objective and timely manner that contribute to more informed public debate and improved trade policymaking. The Commission expects to develop and improve additional efficient and effective research methods and expand capacity to anticipate and address new research issues and areas as they emerge. The Commission also will work with its customers to increase understanding of the agency's capabilities. Finally, the Commission will continue to strengthen its regional economic expertise in China, India, Brazil, and NAFTA through ongoing analysis of the international trade and investment flows and associated impacts in global markets.



Through its performance goals and annual goals, the Commission has developed specific strategies to improve transparency, efficiency, and quality of service to its external customers. As in previous years, the Commission will continue to build its capacity to provide innovative and useful insights in its investigative reports by conducting research and developing data in areas of interest such as services trade and foreign direct investment, refining techniques to gather questionnaire data, and enhancing quantitative analytical techniques. The development of state level breakouts for the USAGE model currently allows the agency to provide its customers with more detailed results in its statutory reports and technical assistance. The Commission is working to develop the capacity to provide insights on the effects of trade policy changes on different types of workers (by occupation) and expects to develop the capacity to examine the effects of such policy changes on a range of representative households. These efforts will allow policymakers to have more detailed insights on the effects of trade policy changes on workers and households at the national level and in their respective states.

Finally, the Commission's goal to improve efficiency will be met through a flexible approach to human capital management. Staff consistently take assignments and participate in investigations and research initiatives across divisions and offices, and resources are more often being leveraged beyond their nominal job functions. To augment this flexible approach, managers increasingly base hiring decisions on whether prospective staff has cross-cutting skills.

## Strategic Operation No. 3: Industry and Economic Analysis Resource Requirements, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Category of Obligation	FY 2009 Actual		FY 2010 Estimate		FY 2011 Estimate		FY 2010–11 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>2</sup></b>								
Personnel Compensation	91	\$9,936	92	\$10,1465	93	\$10,331	1	\$186
Benefits		2,519		2,587		2,689		103
Rent		2,408		2,513		2,620		108
Travel		24		63		62		-1
Subtotal	91	\$14,887	92	\$15,308	93	\$15,703	1	\$395
<b>B. Indirect Costs<sup>3</sup></b>								
Personnel Compensation	49	\$5,131	50	\$5,326	51	\$5,498	1	\$172
Benefits		1,301		1,363		1,458		95
Rent		1,078		1,176		1,275		99
Travel/Transportation		144		164		167		2
Training		100		178		215		37
Equipment/Communications and Equipment Rental		1,008		1,129		1,075		-54
Postage/Printing and Reproduction		143		145		159		15
Land and Structures		611		638		257		-382
Services		4,153		3,491		3,864		373
Supplies		297		384		448		64
Subtotal	49	\$13,966	50	\$13,995	51	\$14,416	1	\$421
<b>Total Resource Requirements</b>	<b>140</b>	<b>\$28,853</b>	<b>142</b>	<b>\$29,303</b>	<b>144</b>	<b>\$30,119</b>	<b>2</b>	<b>\$816</b>

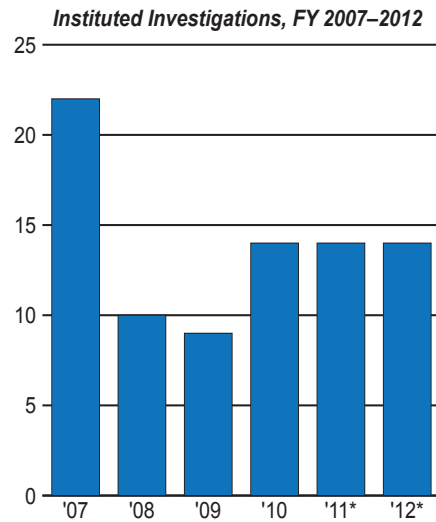
<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commission's Strategic Plan.

<sup>3</sup> Indirect costs include personnel costs such as OEEO and general administration support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

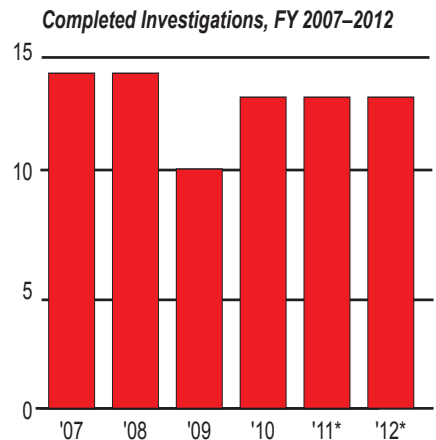
Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

# Strategic Operation No. 3: Industry and Economic Analysis Investigations Caseload<sup>1</sup>

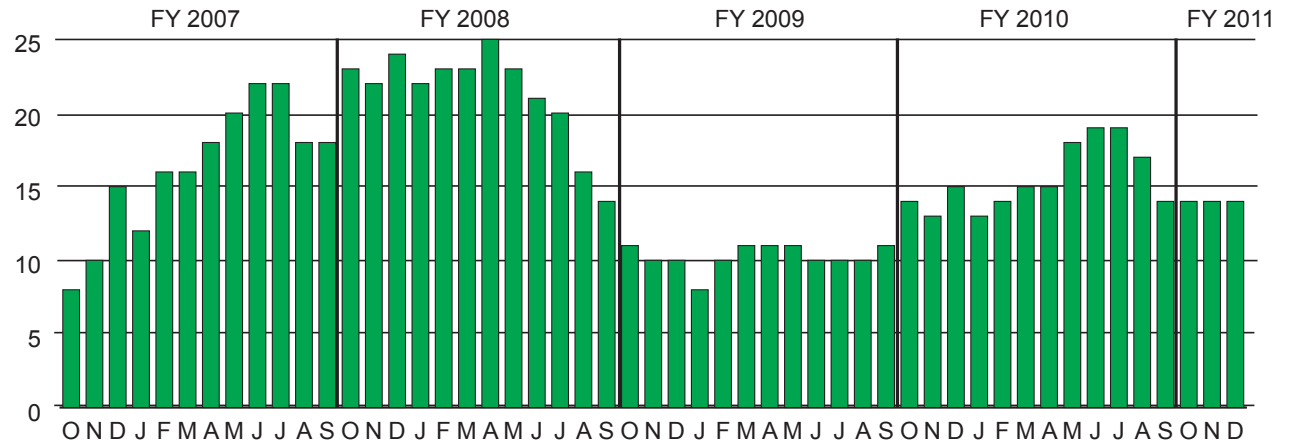


**Summary of Industry and Economic Analysis Investigations, FY 2007–2012**

Status	FY 2007 actual	FY 2008 actual	FY 2009 actual	FY 2010 actual	FY 2011 estimate	FY 2012 estimate
Instituted.....	22	10	9	14	14	14
Active.....	33	30	22	29	25	22
Completed.....	14	14	10	13	13	13



**Active<sup>†</sup> Industry and Economic Analysis Investigations, by month, for October 2007 through December 2010**



\* Estimate

<sup>†</sup> Active during the month

Source: Office of Industries

<sup>1</sup> 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.

# Strategic Operation No. 4: Tariff and Trade Information Services

The functions of the Commission in this Operation are carried out mainly in response to legal requirements set out in the Tariff Act of 1930 (19 U.S.C. § 1484(f)) and the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. § 3001 et seq); other statutes also apply. Tariff and trade information services include maintenance and publication of the HTS, preparation of legislative reports for the Congress, drafting of implementing annexes to trade agreements negotiated by USTR, maintenance of the online Interactive Tariff and Trade DataWeb (DataWeb), and management of Commission trade databases. Services also include contributions to the development of the interagency 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

The HTS is a comprehensive list of duties imposed on goods 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 Customs to assess duties on imports, by economists and industry analysts as a statistical tool for tracking imports, and by commercial firms in planning their import programs. Maintenance of the HTS/HTSA includes several closely related functions:

- publishing the HTSA, i.e., preparing annual hardcopy versions for printing by the Government Printing Office, and posting an electronic copy and electronic revisions, as necessary, 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 and Schedule B for Exports, in coordination with Customs and the Bureau of the Census, under section 484(f) of the Tariff Act of 1930;
- participating in the work of the Harmonized System Committee, its Review Sub-Committee, and the Scientific Sub-Committee of the World Customs Organization (WCO) in maintaining the international Harmonized System of tariff nomenclature, as directed by section 1210 of the 1988 Act (a Commission staff member leads the U.S. Delegation to the Review Sub-Committee); and
- preparing and updating 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 Schedules, the Commission usually incorporates them into the online PDF version of the HTSA within one or two working days of their effective dates. Immediate online access to the up-to-date HTSA that can be searched and downloaded has proven to be very useful to Commission personnel, as well as to Customs and the trade community. During the year, the Commission may publish one or more hardcopy supplements to the HTSA to reflect any amendments arising during the calendar year, or may provide electronic “revisions” online only. In FY 2010, there were two electronic revisions to the 2010 HTSA, but no hardcopy supplements.

During FY 2010, the Commission continued to develop and enhance the HTS Online Reference Tool (<http://hts.usitc.gov>), a search engine designed to assist U.S. importers, Government agencies, and customs brokers to determine proper tariff classification. The HTS Online Reference Tool provides an Internet-based, user-friendly version of the HTS. The tool includes sophisticated navigation and search features and links to classification rulings by Customs. Initial reaction by Government and public users has been very positive; in the last seven months of FY 2009, there were nearly 700,000 queries/searches of the reference tool, and in FY 2010, the number of visits was approximately 1.2 million. Further enhancements to the reference tool are planned for FY 2011 and FY 2012, including further development of the system’s thesaurus to increase the ability of users to get meaningful search results, as well as conversion of legal notes to an XML format, which will broaden the field of data for searches.

The Commission spent 6.5 workyears on the HTS and nomenclature activities in FY 2010. (See Workyears by Activity and Office, p. 62.)

## 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 (MTBs). These reports provide tariff nomenclature and technical drafting assistance and include revenue loss estimates for the Congressional Budget Office. Commission personnel routinely prepare such draft reports and information on MTBs in anticipation of Congressional consideration. The Commission spent 5.5 workyears providing advice for 477 new MTBs on an accelerated schedule during FY 2010. (See Workyears by Activity and Office, p. 62.) In the last five years, workyears have ranged from a low of 1.1 in FY 2007 to a high of 6.4 in FY 2006. The extent of resources devoted to this activity in FY 2011 will depend largely on the number of new MTBs introduced during the 112th Congress, which began in January 2011. In the past few Congresses, the total number of bills introduced by both the House and the Senate has varied between 500 and 1,300.

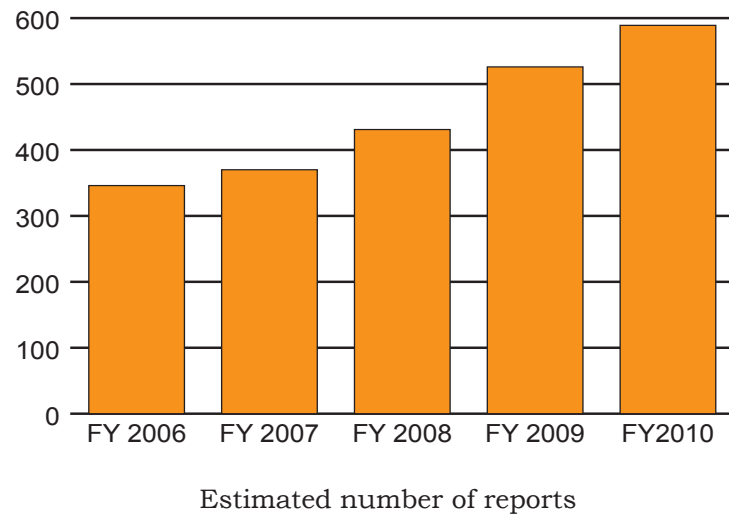
## Tariff Database and Trade DataWeb

The Commission's tariff database and DataWeb systems give government officials, the international trade community, and the general public direct access to official 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 non-expert users to make and save their own customized country and product data for future use. The guided system allows users to construct complex statistical queries against hundreds of tables. The combination of the Tariff Database and the Trade 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.

Use of the Trade DataWeb has grown substantially from its inception in April 1999, more than tripling from 319,000 data reports in FY 2000 to 955,000 reports in FY 2006, and generally remaining at this higher level through FY 2010. The system now has about 130,000 registered users. It is expected that the usage of the DataWeb will continue at current levels in future years.

As shown in Figure 1, use of the *USITC Tariff Database* in FY 2010 has increased steadily in the past five years. This growth has been enhanced by the implementation of the HTS Online Reference Tool.

**Figure 1: Estimated Tariff Database queries by users, FY 2006—FY 2010**  
(in thousands)



Source: OCIO.

## International Trade Data System

Commission personnel participate in an ongoing, multi-agency initiative to develop a Government-wide system for the electronic collection, use, and dissemination of international trade and transportation data. ITDS will eventually provide the means for harmonizing and consolidating all import and export data required for port clearance into a single data system. It will also provide data needed to support analyses of trade policy development and trade promotion by government agencies. In addition, as detailed in the Security and Accountability For Every Port Act of 2006, 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 the new Automated Commercial Environment (ACE) at Customs.

## Resource Requirements and Workload for Tariff and Trade Information Services

In the aggregate, Strategic Operation No. 4 utilized 6.4 percent of the Commission’s resources in FY 2010 (see Dollar Cost: Comparison by Strategic Operation, p. 59), amounting to \$5.2 million and 25 workyears (see Budget Summary by Strategic Operation, p. 61). In FY 2010, Strategic Operation No. 4 accounted for direct cost of \$2.7 million and 16 workyears. (See Strategic Operation No. 4: Tariff and Trade Information Services Resource Requirements, p. 45.) Providing timely and accurate trade information services to Commission customers requires coordination across Commission organization lines. Expertise is provided by personnel from the Offices of Tariff Affairs and Trade Agreements, Industries, OGC, and the Office of the Chief Information Officer (OCIO). The Office of Tariff Affairs and Trade Agreements and the Office of Industries accounted for about 82 percent of the direct workyears charged to this strategic Operation in FY 2010 with 8.9 and 4.4 direct workyears, respectively. (See Workyears by Activity and Office, p. 62.)



## Annual Performance Plans for FY 2011 and FY 2012

In its Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (see attached), the Commission has set goals designed to improve its performance in the provision of tariff and trade information services. The Commission will continue to meet its statutory requirements with respect to keeping the HTS up to date with tariff-related legislation, Presidential proclamations directly affecting the HTS, and modifications arising from the interagency 484(f) Committee. The Commission will also continue to make relevant and substantive contributions on the U.S. delegation to various committees of the WCO, while accurately reflecting HS-related recommendations promulgated by the WCO in the HTSA. Annual goals for FY 2011 and FY 2012 are aimed at maintaining appropriate timeliness, while ensuring the accuracy of the tariff and trade information that the Commission provides to the Congress, to USTR and other Federal agencies, and to the trading public.

## Strategic Operation No. 4: Tariff and Trade Information Services Resource Requirements, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Category of Obligation	FY 2010 Actual		FY 2011 Estimate		FY 2012 Estimate		FY 2011–12 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>2</sup></b>								
Personnel Compensation	16	\$1,849	16	\$1,853	16	\$1,859	0	\$5
Benefits		469		471		474		3
Rent		396		399		402		3
Travel		4		11		11		0
Subtotal	16	\$2,718	16	\$2,734	16	\$2,745	0	\$11
<b>B. Indirect Costs<sup>3</sup></b>								
Personnel Compensation	9	\$899	9	\$902	10	\$1,059	1	\$158
Benefits		228		229		316		87
Rent		177		179		270		91
Travel/Transportation		25		29		30		0
Training		19		33		40		7
Equipment/Communications and Equipment Rental		186		208		197		-11
Postage/Printing and Reproduction		25		25		28		3
Land and Structures		107		112		37		-75
Services		777		658		731		73
Supplies		52		68		80		13
Subtotal	9	\$2,496	9	\$2,442	10	\$2,789	1	\$347
<b>Total Resource Requirements</b>	<b>25</b>	<b>\$5,213</b>	<b>25</b>	<b>\$5,176</b>	<b>26</b>	<b>\$5,534</b>	<b>1</b>	<b>\$358</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commission's Strategic Plan.

<sup>3</sup> Indirect costs include personnel costs such as OEEO and general administration support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

# Strategic Operation No. 5: Trade Policy Support

The Commission provides trade policymakers with technical expertise, accurate data and information, and objective analysis on international trade and competitiveness issues in order to support the development of well-informed U.S. international trade policy. The Commission's capability to respond quickly to requests for trade policy support from both the legislative and executive branches complements and draws upon work in other strategic Operations, most notably Strategic Operation No. 3, Industry and Economic Analysis, and is performed in accordance with 19 U.S.C. § 1332, as amended. Such support includes information and analysis on current issues related to trade and competitiveness, technical advice on draft legislation, informal briefings and meetings, temporary details of personnel, support of litigation activities before WTO bodies, and assistance to trade delegations and negotiating teams. To implement legislation on trade policy decisions that modify the HTS, the Commission also drafts Presidential proclamations, memoranda, executive orders, and final decisions by various agencies.

The Commission continually engages in efforts to improve its service to, and support for, trade policymakers. Over the past several years, these efforts have resulted in an increasing trend in the number of requests for technical assistance. The variety of such requests illuminates the complexity of developing policy related to trade, as well as the confidence policymakers have in the breadth of knowledge maintained by the Commission. In FY 2010, the Commission provided expertise on 101 distinct trade policy issues, slightly below the average of the past four years (109). The level of work required to respond to these requests ranges widely. In many cases, the response is provided immediately or within a day or two. In other cases, the request requires significant staff time to address.

Total non-litigation staff time committed to the strategic Operation was virtually unchanged compared to FY 2009, although a significant increase in assistance to Congress was offset by a similar decrease in non-litigation assistance to USTR. These diverging trends for FY 2010 emphasize the dynamic nature of Commission work in this Strategic Operation. Litigation assistance increased significantly due to work on a bilateral safeguard case concerning tires from China. During the year, Commission staff in OGC assisted USTR in the preparation of 14 filings in WTO disputes concerning dumping, subsidization, and safeguards, including the successful defense of the aforementioned case on tires.

In FY 2010, areas of concentration for the Commission's technical assistance included providing information relating to the operation of existing trade preference programs, providing support for teams involved in negotiation and dispute settlement activities, and supporting work on NTMs (e.g., standards and technical barriers to trade) at

multilateral forums. Assistance involved a variety of activities, including attending meetings, economic modeling, document review, data generation and assessment, and litigation assistance. Information was provided on a variety of extractive, service, and manufacturing industries and products, with considerable work in the area of environmental-related goods.

The Commission anticipates that its trade policy support in FY 2011 and FY 2012 will continue to involve the lines of inquiry in the past fiscal year, with increasing interest in the role of small- and medium-sized businesses in trade, the participation of emerging economies in the global trading system, and the interaction between trade policies and environmental and labor issues. The Commission continues to try to anticipate policymakers' needs and develop expertise to meet anticipated requests for assistance.

The Commission also provides trade policy support by detailing personnel with relevant expertise to USTR and the Commission's oversight committees. These details provide Commission staff with a better understanding of the needs of these primary customers and contribute to closer working relationships, resulting in more efficient and effective support to trade policymakers in Strategic Operation Nos. 3, 4, and 5. During FY 2010, the Commission was able to increase resources devoted to such details by just over 10 percent, despite high workloads in other Operations. In FY 2011 and FY 2012, the Commission anticipates that the Commission's oversight committees and USTR will be interested in increasing the level of resources they receive via external details, continuing the trend of the past two years. However, the Commission's ability to provide such support depends on adequate funding levels, as staffing investigatory work required by, or requested pursuant to, statutory authorities must take precedence.

## Resource Requirements and Workload for Trade Policy Support

In the aggregate, Strategic Operation No. 5 utilized 5.2 percent of the Commission's resources in FY 2010 (see Dollar Cost: Comparison by Strategic Operation, p. 59), amounting to \$4.2 million and 20 workyears (see Budget Summary by Strategic Operation, p. 61). In FY 2010, Strategic Operation No. 5 accounted for direct costs of \$2.2 million and 13 workyears. (See Strategic Operation No. 5: Trade Policy Support Resource Requirements, p. 49.) The Office of Industries charged 5.0 workyears to Strategic Operation No. 5. The Office of External Relations, the Office of Economics, and the Office of Tariff Affairs and Trade Agreements charged 1.5, 1.4, and 1.1 workyears to Strategic Operation No. 5, respectively. (See Workyears by Activity and Office, p. 62.)

## Annual Performance Plans for FY 2011 and FY 2012

As reflected in its Fiscal Year 2011 and Fiscal Year 2012 Performance Plans (see attached), the Commission is working to enhance its performance in the provision of trade policy support. To accomplish this, the Commission sets goals that relate to: (1) providing enhanced real-time, efficient, and effective technical information and analysis to support organizations involved in trade policy formulation, and (2) improving the Commission's communications with its customers to ensure that they understand the agency's capabilities and are able to benefit from its expertise.

## Strategic Operation No. 5: Tariff and Trade Information Services Resource Requirements, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Category of Obligation	FY 2010 Actual		FY 2011 Estimate		FY 2012 Estimate		FY 2011–12 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
<b>A. Direct Costs<sup>2</sup></b>								
Personnel Compensation	13	\$1,516	13	\$1,520	13	\$1,525	0	\$4
Benefits		384		386		388		2
Rent		312		314		317		2
Travel		3		8		9		0
Subtotal	13	\$2,215	13	\$2,229	13	\$2,238	0	\$9
<b>B. Indirect Costs<sup>3</sup></b>								
Personnel Compensation	7	\$706	7	\$709	8	\$866	1	\$157
Benefits		179		180		266		87
Rent		140		141		232		91
Travel/Transportation		20		23		23		0
Training		19		30		36		6
Equipment/Communications and Equipment Rental		146		163		154		-9
Postage/Printing and Reproduction		20		20		22		2
Land and Structures		85		88		29		-60
Services		610		517		576		59
Supplies		41		53		63		10
Subtotal	7	\$1,966	7	\$1,925	8	\$2,268	1	\$343
<b>Total Resource Requirements</b>	<b>20</b>	<b>\$4,181</b>	<b>20</b>	<b>\$4,154</b>	<b>21</b>	<b>\$4,506</b>	<b>1</b>	<b>\$352</b>

<sup>1</sup> Totals may not add due to rounding.

<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commission's Strategic Plan.

<sup>3</sup> Indirect costs include personnel costs such as OEEO and general administration support services. Indirect costs also include virtually all non-personnel costs, such as contractual services, supplies, and equipment, as well as space rental. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

# Information Technology

The Commission is an information intensive enterprise. In FY 2012, the information technology (IT) program will focus on four broad areas to support the Commission's statutory mission, including:

- **Collaboration and Document Sharing Services.** Building on work in FY 2011, the Commission will deliver IT platforms that drive process improvements, information sharing, document management, and information security. Specifically, the Commission will focus on automating internal administrative processes (e.g., routing and approval of Commission actions).
- **Cloud Computing.** The Commission will continue to migrate its IT services from internal data servers to web-based commercial services (i.e., the "cloud"). The Commission's cloud computing initiatives will allow the delivery of IT services securely across the Internet to Commission staff whether working in the headquarters office, on the road, or at a telework location. Through these initiatives, the Commission derives benefits that include substantial reductions in infrastructure and attendant costs, robust continuity of operations support, contribution to Federal "Green IT" goals, and future flexibility in delivering up-to-date technology without expensive capital investments. The Commission will ensure that, in any moves to cloud-based systems, it will maintain its high standards for the protection of personal and business-confidential information.
- **Cyber and Information Security.** The Commission will continue to refine its security program to ensure the protection of sensitive information, both unclassified confidential information entrusted to it by outside entities, and national security information it maintains to inform its analytical and policy-support activities. While continuing to meet its statutory obligations to accredit systems and networks with respect to their security posture, the Commission is developing and implementing a program of continuous monitoring of all of its IT assets in order to detect and address vulnerabilities as early as possible. Additionally, the Commission will refine and enhance its all-hazards continuity of operations (COOP) planning, by closely coordinating and consolidating its various security and preparedness efforts.
- **Web Presence/Enterprise Portal.** The Commission has long been recognized as a leader in delivering substantive content relating to international trade and trade-related data to the public. In FY 2012, the Commission will further develop its web-based information delivery by increasing the amount of digital content available to both its Federal customers and the public. Through this process, additional information formats will be introduced to allow greater end-user flexibility.

# General Administrative Costs

Costs not directly attributed to the five strategic Operations are known as general administrative costs. Such costs are allocated based on each strategic Operation's share of direct labor costs. General administrative costs include the costs of the Office of Administration, and most of the subordinate offices, such as Finance, Procurement, Facilities Management, and Human Resources. They also include the costs of administrative legal advice provided by the OGC, the costs of administrative litigation, and the Office of Equal Employment Opportunity (OEEEO). General administrative costs historically have been less than seven percent of total labor costs. Recent audits of the Commission's administrative functions recommend that additional resources in the administrative area will be necessary.

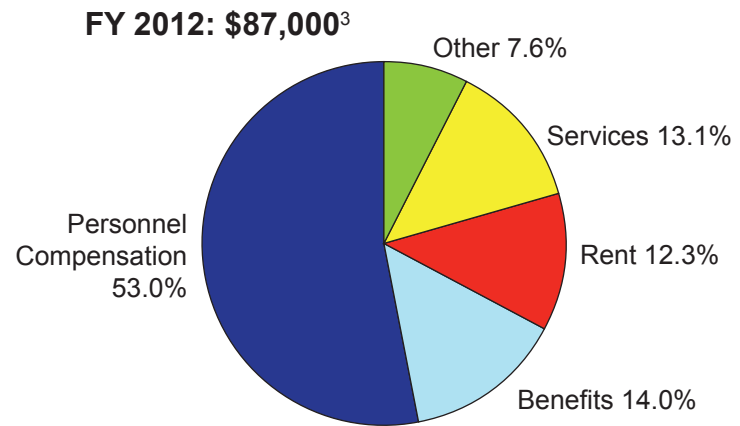
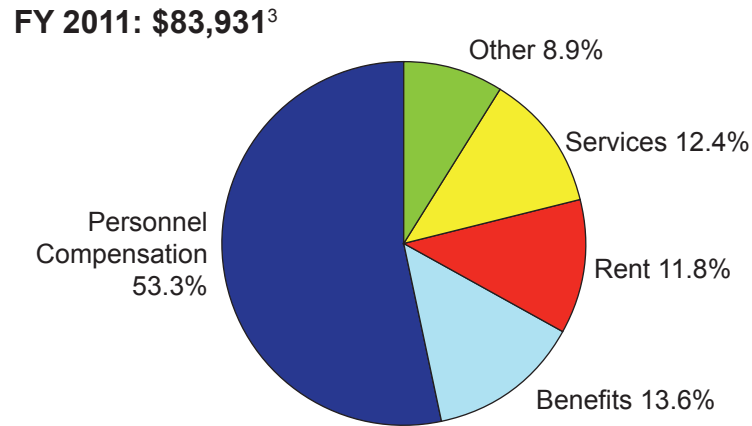
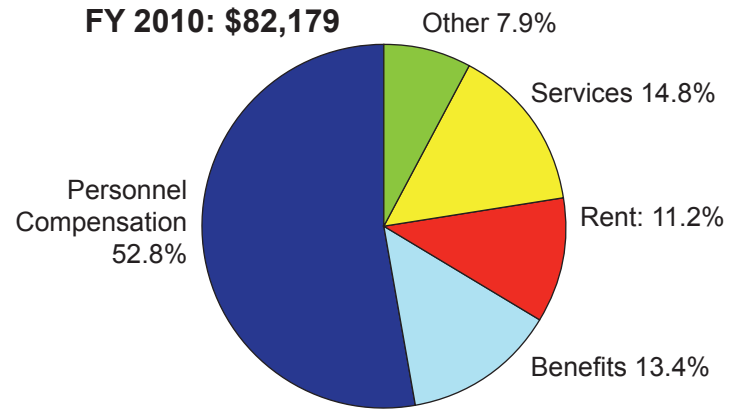


# Office of the Inspector General

The Office of the Inspector General (OIG) provides audit, inspection, and investigative support services covering all Commission programs and Strategic Operations. The mission of the OIG is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. Activities are planned and conducted based on requirements of laws and regulations, requests from management officials, and allegations received from Commission personnel and other sources. The requested level of resources is necessary to continue ongoing activities and to maintain an appropriate level of audit, inspection, and investigative services. The operations and accomplishments of the OIG are described in semiannual reports submitted to the Congress in October and April of each year. The OIG has requested and is allocated five full-time positions in the Commission's Staffing Plan. That represents an increase of two full-time positions above the level stated in the FY 2010 Budget Justification. For both fiscal years the OIG has requested, and will be allocated, \$15,000 for training and \$10,000 for travel. The OIG has requested, and will be allocated, \$281,300 for services in FY 2011, which includes an equitable adjustment for the FY 2010 financial audit. In addition, the OIG has requested and will be allocated \$160,000 for services in FY 2012. The amount for service contracts is lower in FY 2012 because increased permanent staff in OIG will allow for IT security and other tasks to be completed by in-house personnel. The full OIG budget for FY 2012 is \$920,000 which includes: salaries and benefits, travel, training, and other miscellaneous services. Midway through FY 2011 the OIG will reevaluate its staffing and workload to determine whether additional resources are needed.

# Dollar Cost: Comparison by Object Classification, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)



<sup>1</sup> Services include IT service contracts and helpdesk support; building maintenance and security; mailroom and general laborers; and consulting services for financial management, economic modeling, human capital and strategic planning, IT security, and procurement.

<sup>2</sup> Other includes supplies, equipment, travel, training, communications and equipment rental, transportation, postage and contractual mail, land and structures, and printing and reproduction.

<sup>3</sup> Estimate

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

## Budget Formulation by Object Classification, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)

	FY 2010 Actual Obligations	FY 2011 Expenditure Plan	FY 2012 Budget Request
Permanent Employees	\$42,579	\$43,990	\$45,250
Overtime	57	50	60
Awards	718	700	800
Total Personnel Compensation	\$43,355	\$44,740	\$46,110
Total Benefits	\$10,990	\$11,435	\$12,192
<b>Total Personnel Costs</b>	<b>\$54,345</b>	<b>\$56,175</b>	<b>\$58,302</b>
Total Rent	\$9,207	\$9,896	\$10,690
CIO Services	\$6,782	\$6,295	\$7,400
Facilities Management Services	1,867	1,680	1,700
Administration Services	3,272	2,097	2,100
EEO Services	54	20	30
IG Services	173	281	160
Total Services	\$12,148	\$10,373	\$11,390
Supplies	\$791	\$1,025	\$1,200
Equipment	2,186	2,257	2,110
Travel	488	654	650
Training	292	500	600
Communications and Equipment Rental	697	951	950
Transportation	16	15	23
Postage	172	160	175
Land and Structures	1,628	1,700	660
Printing and Reproduction	210	225	250
Total Other	\$6,479	\$7,487	\$6,618
<b>Total Non-Personnel Costs</b>	<b>\$27,834</b>	<b>\$27,756</b>	<b>\$28,698</b>
<b>Total Costs</b>	<b>\$82,179</b>	<b>\$83,931</b>	<b>\$87,000</b>

Source: Accounting System.

## Analysis of Change by Object Classification, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)

	FY 2010 Actual Obligations	FY 2011 Expenditure Plan	FY 2012 Budget Request	FY 2011-2012 Change	Percentage Change
Permanent Employees	\$42,579	\$43,990	\$45,250	\$1,260	2.9
Overtime	57	50	60	10	20.0
Awards	718	700	800	100	14.3
Total Personnel Compensation	\$43,355	\$44,740	\$46,110	\$1,370	3.1
Total Benefits	\$10,990	\$11,435	\$12,192	\$757	6.6
<b>Total Personnel Costs</b>	<b>\$54,345</b>	<b>\$56,175</b>	<b>\$58,302</b>	<b>\$2,127</b>	<b>3.8</b>
Total Rent	\$9,207	\$9,896	\$10,690	\$794	8.0
CIO Services	\$6,782	\$6,295	\$7,400	\$1,105	17.6
Facilities Management Services	1,867	1,680	1,700	20	1.2
Administration Services	3,272	2,097	2,100	3	0.1
EEO Services	54	20	30	10	50.0
IG Services	173	281	160	(121)	-43.1
Total Services	\$12,148	\$10,373	\$11,390	\$1,017	9.8
Supplies	\$791	\$1,025	\$1,200	\$175	17.1
Equipment	2,186	2,257	2,110	(147)	-6.5
Travel	488	654	650	(4)	-0.5
Training	292	500	600	100	20.0
Communications and Equipment Rental	697	951	950	(1)	-0.1
Transportation	16	15	23	8	53.3
Postage	172	160	175	15	9.4
Land and Structures	1,628	1,700	660	(1,040)	-61.2
Printing and Reproduction	210	225	250	25	11.1
Total Other	\$6,479	\$7,487	\$6,618	\$(869)	-11.6
<b>Total Non-Personnel Costs</b>	<b>\$27,834</b>	<b>\$27,756</b>	<b>\$28,698</b>	<b>\$942</b>	<b>3.4</b>
<b>Total Costs</b>	<b>\$82,179</b>	<b>\$83,931</b>	<b>\$87,000</b>	<b>\$3,069</b>	<b>3.7</b>

Source: Accounting System.

## Summary of Increases/Decreases Presented in Analysis of Change (Fiscal Years 2011 and 2012)

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### Personnel Cost Change (Dollar Amounts in Thousands)

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<b>Salaries</b> .....	<b>+1,260</b>
Salaries will increase by 2.9 percent as a result of promotions, within grade increases, and increased onboard staff.	
<b>Overtime</b> .....	<b>+10</b>
Overtime costs will increase marginally, consistent with actual costs in FY 2009 and 2010.	
<b>Awards</b> .....	<b>+100</b>
Awards costs will increase by 14.3 percent due to abnormally low funding in FY 2010 and 2011. Awards funding prior to FY 2010 exceeded the proposed FY 2012 level.	
<b>Benefits</b> .....	<b>+757</b>
Retirement benefits are tied to salary and, as salary costs increase, retirement benefits' costs increase. In addition, benefit 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 Federal Employees Retirement System. Those benefits are almost triple the cost of Civil Service Retirement System benefits to the Commission. Thus, benefit costs will increase by 6.6 percent.	
<b>Net Personnel Cost Changes</b>	<b>+2,127</b>

## Non-Personnel Cost Changes

(Dollar Amounts in Thousands)

<b>Rent</b> .....	<b>+794</b>
Rent costs will increase by 8.0 percent as a result of scheduled lease increases, anticipated tax obligations, and anticipated off-site COOP costs in FY 2012.	
<b>Services</b> .....	<b>+1,017</b>
Services costs will increase by 9.8 percent due to labor cost increases and abnormally low services costs in FY 2011.	
<b>Supplies</b> .....	<b>+175</b>
Supplies costs will increase by 17.1 percent as a result of abnormally low supplies costs in FY 2011 and depleted inventory.	
<b>Equipment</b> .....	<b>-147</b>
Equipment costs will decrease by 6.5 percent as a result of one-time expenses tied to COOP and other IT equipment in FY 2011.	
<b>Travel</b> .....	<b>-4</b>
Travel costs will decrease marginally.	
<b>Training</b> .....	<b>+100</b>
Training costs will increase by 20 percent to accommodate the training of new staff and support audit compliance efforts.	
<b>Communications and Equipment Rental</b> .....	<b>-1</b>
Communications costs will decrease marginally.	
<b>Transportation</b> .....	<b>+8</b>
Transportation costs will increase marginally.	
<b>Postage</b> .....	<b>+15</b>
Postage costs will increase marginally.	
<b>Land and Structures</b> .....	<b>-1,040</b>
Land and structures costs will decrease by 61.2 percent as a result of the completion of second floor renovations in FY 2011.	

**Printing and Reproduction** ..... +25

Printing and Reproduction costs will increase by 11.1 percent due to rate increases and caseload requirements.

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**Net Non-Personnel Cost Changes** ..... +942

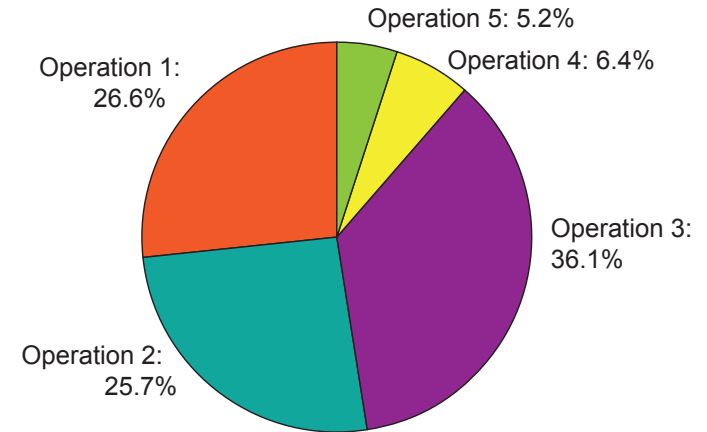
**Total Adjustment to Base** ..... +3,069

## Dollar Cost: Comparison by Strategic Operation, Fiscal Years 2010, 2011, 2012

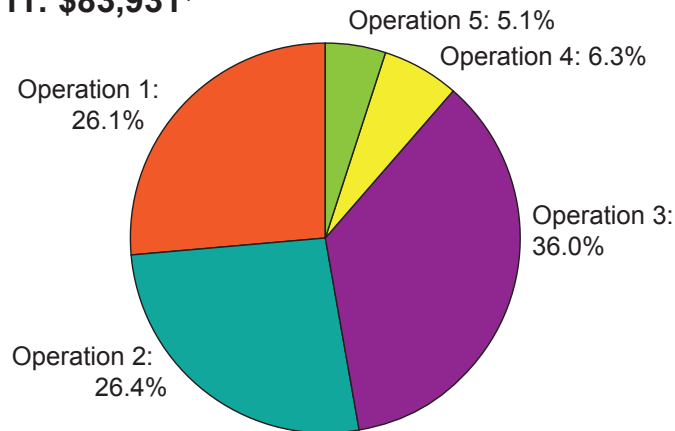
(Dollar Amounts in Thousands)



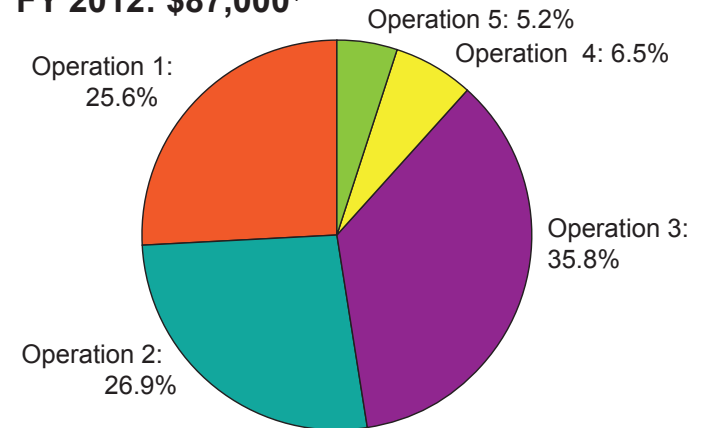
**FY 2010: \$82,179**



**FY 2011: \$83,931<sup>1</sup>**



**FY 2012: \$87,000<sup>1</sup>**



<sup>1</sup> Estimate

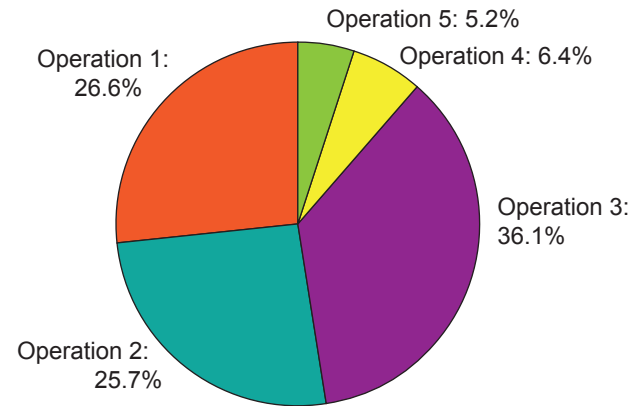
Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.



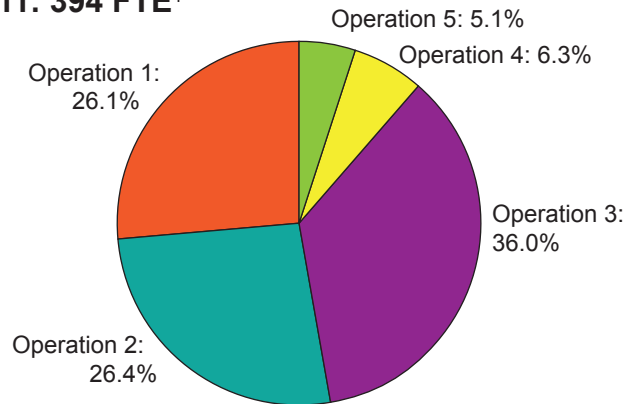
# Workyears: Comparison by Strategic Operation, Fiscal Years 2010, 2011, 2012

- Strategic Operation No. 1: Import Injury Investigations
- Strategic Operation No. 2: Intellectual Property-Based Import Investigations
- Strategic Operation No. 3: Industry and Economic Analysis
- Strategic Operation No. 4: Tariff and Trade Information Services
- Strategic Operation No. 5: Trade Policy Support

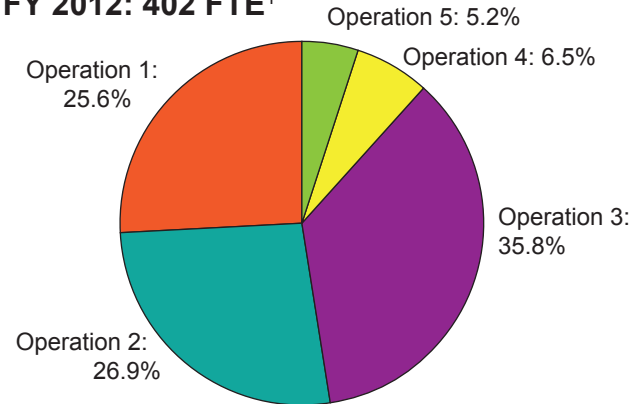
**FY 2010: 386 FTE**



**FY 2011: 394 FTE<sup>1</sup>**



**FY 2012: 402 FTE<sup>1</sup>**



<sup>1</sup> Estimate

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

## Budget Summary by Strategic Operation, Fiscal Years 2010, 2011, 2012

(Dollar Amounts in Thousands)<sup>1</sup>

Operation	FY 2010 Actual		FY 2011 Estimate		FY 2012 Estimate		FY 2011–12 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs <sup>2</sup>								
1: Import Injury Investigations	70	\$12,304	70	\$12,379	70	\$12,429	0	\$50
2: Intellectual Property-Based Import Investigations	66	11,281	69	12,328	71	13,036	2	708
3: Industry and Economic Analysis	91	14,887	92	15,308	93	15,703	1	395
4: Tariff and Trade Information Services	16	2,718	16	2,734	16	2,745	0	11
5: Trade Policy Support	13	2,215	13	2,229	13	2,238	0	9
Subtotal	256	\$43,405	260	\$44,978	263	\$46,152	3	\$1,174
B. Indirect Costs <sup>3</sup>								
1: Import Injury Investigations	33	\$10,218	33	\$10,023	33	\$10,083	0	\$60
2: Intellectual Property-Based Import Investigations	33	10,128	35	10,570	37	11,294	2	724
3: Industry and Economic Analysis	49	13,966	50	13,995	51	14,416	1	421
4: Tariff and Trade Information Services	9	2,496	9	2,442	10	2,789	1	347
5: Trade Policy Support	7	1,966	7	1,925	8	2,268	1	343
Subtotal	130	\$38,774	134	\$38,955	139	\$40,849	5	\$1,895
C. Total Costs								
1: Import Injury Investigations	103	\$22,522	103	\$22,402	103	\$22,512	0	\$112
2: Intellectual Property-Based Import Investigations	99	21,409	104	22,898	108	24,330	4	1,432
3: Industry and Economic Analysis	140	28,853	142	29,303	144	30,119	2	816
4: Tariff and Trade Information Services	25	5,213	25	5,176	26	5,534	1	358
5: Trade Policy Support	20	4,181	20	4,154	21	4,506	1	352
<b>Total</b>	<b>386</b>	<b>\$82,179</b>	<b>394</b>	<b>\$83,931</b>	<b>402</b>	<b>\$87,000</b>	<b>8</b>	<b>\$3,069</b>

<sup>1</sup> Totals may not add up due to rounding.

<sup>2</sup> Direct costs include personnel costs directly attributed to the five strategic Operations including the Commissioners and the Office of the CIO, as well as space rental and travel charged directly to the five strategic Operations in the Commissioner's Strategic Plan.

<sup>3</sup> Indirect Costs include personnel costs such as OEO and general administration support services. Indirect costs also include virtually all non-personnel costs such as contractual services, supplies, and equipment, as well as rent. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation.

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

## Workyears by Activity and Office, Fiscal Year 2010

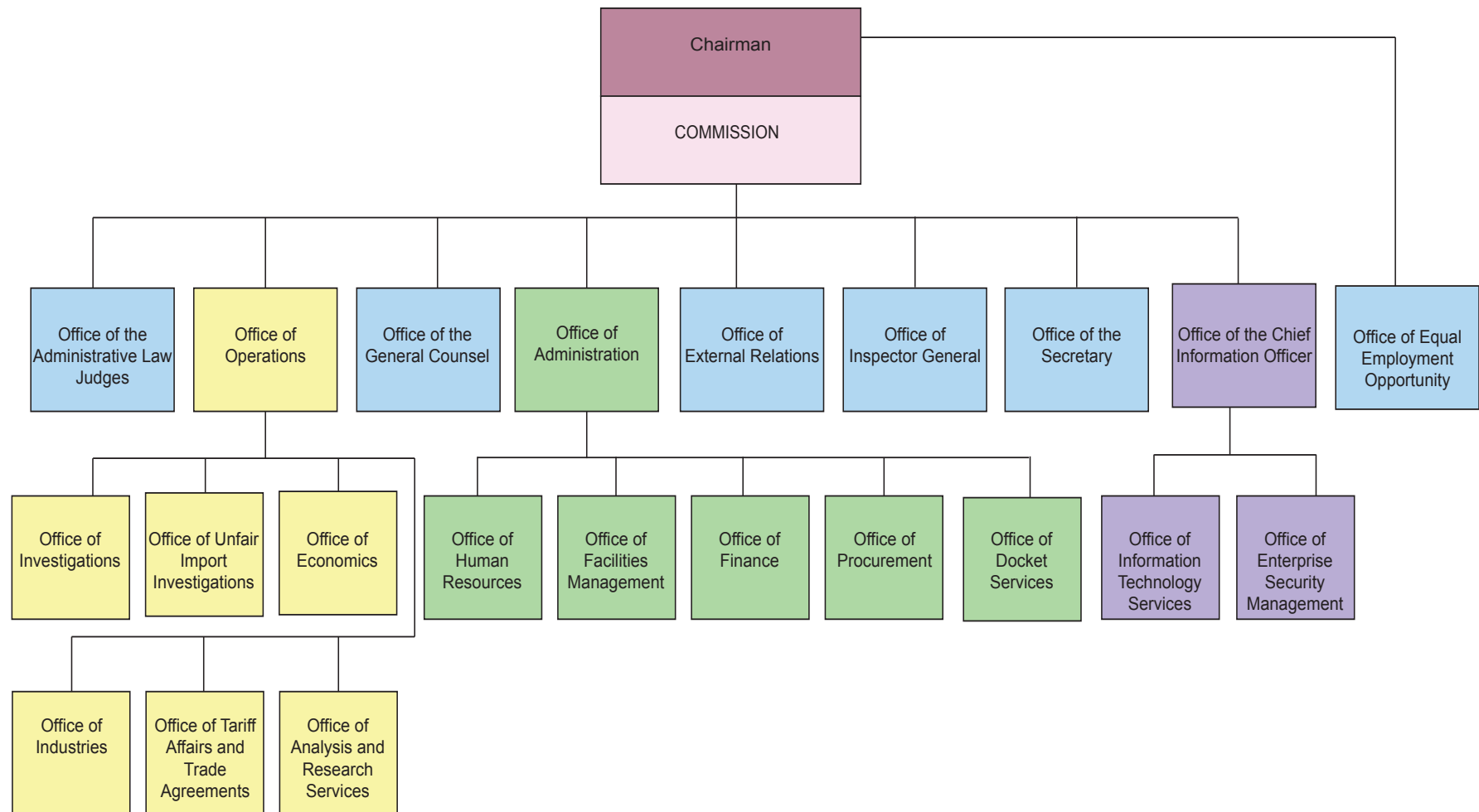
Office/Division	COMM	ER	IG	GC	SE	DO	ALJ	EEO	OP	INV	OUII	EC	TATA	ID	CIO	AD	TOTAL
Operation 1: Import Injury Investigations	11.3	0.3	0.0	11.1	2.7	3.6	0.0	0.0	0.0	20.5	0.0	8.1	0.2	3.3	8.4	0.0	69.5
Title VII Investigations		0.0		2.9	1.8	0.1				11.7		5.3	0.1	2.1	1.7		25.7
Sunset Investigations				2.4	0.9					8.0		2.7		1.1			15.1
Other Investigations				0.0													0.0
Litigation				3.7													3.7
Operational Support <sup>1</sup>		0.2		1.9		3.5				0.8		0.1	0.1	0.1	6.7	0.0	13.6
Executive Direction	11.3																11.3
Operation 2: Intellectual Property-Based Investigations	7.4	0.3	0.0	12.0	0.3	5.3	16.3	0.0	0.0	0.0	18.4	0.0	0.0	0.0	6.2	0.0	66.2
Section 337 Investigations				6.4	0.3		16.3				17.7						40.7
Section 337 Litigation				5.4													5.4
Operational Support <sup>1</sup>		0.3		0.2		5.3					0.7				6.2	0.0	12.7
Executive Direction	7.4																7.4
Operation 3: Industry and Economic Analysis	4.2	0.2	0.0	0.6	0.3	0.8	0.0	0.0	6.0	0.5	0.0	20.5	0.0	47.8	10.3	0.0	91.1
Statutory Investigations		0.2		0.6	0.3				1.0	0.3		11.6		31.4	0.3		45.6
Other Industry and Economic Analysis									1.1	0.2		8.5		14.0	0.5		24.2
Operational Support <sup>1</sup>						0.8			3.9			0.4		2.4	9.5	0.0	17.1
Executive Direction	4.2																4.2
Operation 4: Tariff and Trade Information Services	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9	4.4	2.0	0.0	16.3
Harmonized Tariff Schedule													6.3	0.3			6.5
Legislative Reports													1.8	3.7			5.5
Trade Database Management														0.2	0.1		0.3
Operational Support <sup>1</sup>													0.8	0.3	1.8		2.9
Executive Direction	1.0																1.0
Operation 5: Trade Policy Support	0.7	1.5	0.0	0.6	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.4	1.1	5.0	1.2	0.0	12.5
Technical Assistance to Congress		0.7		0.3								0.3	0.3	1.4			3.0
Technical Assistance to Executive Branch		0.7		0.2					0.0			0.8	0.8	1.0			3.6
Operational Support <sup>1</sup>		0.1		0.1					0.0	1.0		0.3	0.0	2.6	1.2		5.9
Executive Direction	0.7																0.7
Leave/ Holidays	3.0	0.9	0.1	8.8	1.4	1.7	3.6	0.4	2.8	6.1	4.4	8.6	2.1	14.5	5.2	5.3	68.8
Administrative Overhead	0.0	1.8	2.8	5.7	2.8	0.2	1.4	1.5	2.3	4.1	0.8	6.8	0.5	9.0	1.1	23.4	64.2
<b>Total<sup>2</sup></b>	<b>27.7</b>	<b>5.1</b>	<b>2.9</b>	<b>38.6</b>	<b>7.5</b>	<b>11.6</b>	<b>21.4</b>	<b>2.0</b>	<b>11.2</b>	<b>32.2</b>	<b>23.7</b>	<b>45.3</b>	<b>12.8</b>	<b>84.0</b>	<b>34.2</b>	<b>28.7</b>	<b>388.5</b>

<sup>1</sup> Operational support includes all activity codes not listed above, to include direct IT support.

<sup>2</sup> Totals may not add up due to rounding.

Source: Actual costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and the Office of Administration.

# Fiscal Year 2011 U.S. International Trade Commission Office-Level Organization Chart



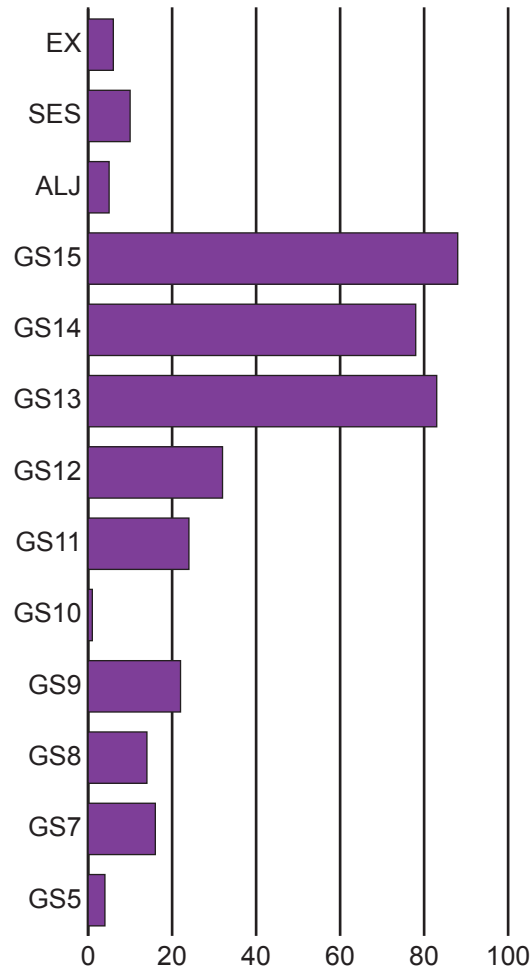
## Commission Approved Staffing Plan, Fiscal Years 2010, 2011, 2012

Office	FY 2010			FY 2011			FY 2012		
	Perm.	Terms	Total	Perm.	Terms	Total	Perm.	Terms	Total
Commissioners' Offices	31		31	31		31	31		31
External Relations	5		5	5		5	5		5
Inspector General	5		5	5		5	5		5
General Counsel	43		43	45	1	46	45	1	46
Secretary	7		7	7		7	7		7
Administrative Law Judges	19	3	22	19	5	24	19	5	24
Equal Employment Opportunity	2		2	2		2	2		2
Subtotal Independent Offices	112	3	115	114	6	120	114	6	120
Operations, Director	5		5	5		5	5		5
Analysis and Research Services	12		12	12		12	12		12
Investigations	35		35	34		34	34		34
Unfair Import Investigations	21		21	21		21	21		21
Economics	38	6	44	38	6	44	38	6	44
Tariff Affairs and Trade Agreements	14		14	14		14	14		14
Industries	91		91	91		91	91		91
Subtotal Operations	216	6	222	215	6	221	215	6	221
Chief Information Officer	5		5	5		5	5		5
Information Technology Services	21	1	22	21	1	22	21	1	22
Enterprise Security Management	6	1	7	6	1	7	6	1	7
Subtotal Chief Information Officer	32	2	34	32	2	34	32	2	34
Administration, Director	6		6	6		6	6		6
Finance	6		6	7		7	7		7
Human Resources	8		8	8		8	8		8
Facilities Management	6		6	6		6	6		6
Procurement	4		4	4		4	4		4
Dockets	12	2	14	12	2	14	12	2	14
Subtotal Administration	42	2	44	43	2	45	43	2	45
<b>Commission Total</b>	<b>402</b>	<b>13</b>	<b>415</b>	<b>404</b>	<b>16</b>	<b>420</b>	<b>404</b>	<b>16</b>	<b>420</b>

# Total Labor Cost/Workyears by Office, Fiscal Year 2010

(Dollar Amounts in Thousands)

## FTE on Board by Grade (as of 9/30/2010)



Office	FY 2010 Actual			
	Commission Staffing Plan <sup>1</sup>	Workyears <sup>2</sup>	Salaries and Benefits <sup>3</sup>	Average Cost Salaries and Benefits
Commissioners' Offices	31	27.2	\$4,691.9	\$172.3
External Relations	5	5.0	828.9	165.5
Inspector General	5	2.9	424.4	147.6
General Counsel	43	40.8	6,558.7	160.9
Secretary	7	7.5	835.0	111.0
Administrative Law Judges	22	20.6	2,988.3	145.2
Equal Employment Opportunity	2	1.4	287.0	203.2
Operations, Director	17	10.3	1,447.8	141.2
Investigations	35	32.5	4,387.6	135.0
Unfair Import Investigations	21	22.7	4,252.2	187.0
Economics	44	43.6	6,214.8	142.6
Tariff Affairs and Trade Agreements	14	12.9	1,863.2	145.0
Industries	91	83.3	11,284.2	135.5
Chief Information Officer	34	31.6	4,082.5	129.2
Administration	30	27.0	3,162.7	117.1
Dockets	14	11.6	1,035.7	89.1
<b>Commission Total</b>	<b>415</b>	<b>380.8</b>	<b>54,344.7</b>	<b>\$142.7</b>

<sup>1</sup> The FY2010 Staffing Plan includes permanent (402) and term (13) positions.

<sup>2</sup> Total workyears includes overtime.

<sup>3</sup> Salaries and Benefits total does not include workers' compensation or commuter subsidy costs.

Source: Labor Cost Reporting System.

# United States International Trade Commission Fiscal Year 2011 and Fiscal Year 2012 Performance Plans



The following presents the elements of the U.S. International Trade Commission's (Commission) final Performance Plan for fiscal year (FY) 2011 and the initial Plan for FY 2012 that are not addressed in the body of the agency's Budget Justification. Together, the justification and the plans form the Commission's Performance Budget. 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 seventh edition of the agency's Strategic Plan, which was issued in September 2009.

## 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 relating to 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.

## Introduction

The Commission has a single program activity set forth in the Budget of the United States Government. However, for the purposes of its Strategic Plan and Performance Budget, it has divided its functions into five strategic Operations: (1) import injury investigations, (2) intellectual property-related import investigations, (3) industry and economic

analysis, (4) tariff and trade information services, and (5) trade policy support. In organizing its budget along operational lines, the agency shows how its goals relate to the costs of achieving targeted levels of performance. The Performance Plan portion of the Budget states what the agency intends to accomplish in the coming years by setting goals to define the level of performance that each strategic Operation is to achieve in FY 2011 and 2012. The Commission has determined that the goals set out in the Performance Plans are appropriate and reasonable. As encouraged by the Results Act, the Commission has sought to express those performance goals in an objective, quantifiable, and measurable form. The Commission has set outcome-oriented goals as far as possible. Output-oriented goals appear in the Plans only if they measure performance in a relevant and significant way. The agency has chosen strategies that will help it to carry out its goals efficiently and effectively.

The Performance Plans list the strategic and performance goals that are set out in the Commission's Strategic Plan, as revised, and lay out FY 2011 and 2012 annual goals. For each performance goal, the Performance Plans set these annual goals to define the level of performance to be achieved, along with performance indicators to measure outputs, service levels, and outcomes. For each annual goal, the Plans specify the staff offices responsible for measurement and reporting. In preparing the Plans, the Commission made changes to the set of goals that appeared in the Plans for previous years, adding some goals, modifying some, and removing others in order to better support the Commission's activities.

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 Plans also address the agency's performance during FY 2007–10. The Budget Justification describes, with respect to each strategic Operation, the operational processes, the skills and technology, and the human, capital, information, or other resources required to meet the performance goals.

The Commission performs a verification and validation of measured values. For each strategic Operation, a senior agency manager serves as Operations Coordinator, whose duties include coordinating 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 to monitor annual goal achievement, and such other procedures as the Operations Coordinators determine to implement, including the use of existing record keeping processes, and automated systems such as the Electronic Document Information System (EDIS). In 2010, the Commission finalized written procedures governing the measurement, verification, and validation of performance data.



The Commission made progress in FY 2007, 2008, 2009, and 2010 toward achieving the goals set out in the Performance Plans for those periods. To complement their other monitoring efforts, the Operations Coordinators have developed a variety of customer surveys and logs to measure the agency's success at meeting those goals. The Commission issued an FY 2010 Performance and Accountability Report in November 2010 providing detailed information on the agency's performance.

## Interim Adjustments to the Strategic Plan

In September 2009, the Commission issued the seventh edition of its Strategic Plan. As noted above, these Performance Plans are based on that edition. Covering the period FY 2009–14, the current Strategic Plan has been updated and enhanced on the basis of the Commission's past experience in strategic planning.

These Performance Plans make interim adjustments to the Strategic Plan. Performance Goal No. 1 in Strategic Operation No. 1 is revised to include a reference to external reviews: "Improve the quality and efficiency of the investigative process by conducting internal and external reviews, including review of draft investigation and litigation documents." Performance Goal No. 4 in Strategic Operation No. 1 is revised for clarity to read: "Improve the scope, quality, and transparency of information regarding investigations that is made available to investigative participants and the public." Performance Goal No. 2 in Strategic Operation No. 2 is revised for clarity to read: "Improve the scope, quality, and transparency of information regarding section 337 investigations that is made available to investigative participants and the public." Now that the Commission has acquired the second floor of its building, Performance Goal No. 4 in Strategic Operation No. 2, on infrastructure, and the corresponding annual goals, are no longer needed, and have been replaced with goals concerning public interest issues. Performance Goal No. 2 in Strategic Operation No. 3 is revised for clarity to read: "Expand the Commission's capacity to anticipate and address new industry and economic analysis issues and areas as they emerge." Performance Goal No. 2 in Strategic Operation No. 5 is revised for clarity to read: "Ensure that the Commission's customers are fully informed of the agency's capabilities and are able to benefit from its expertise."

## Strategies

For each strategic Operation, the Commission will employ the following strategies to contribute to the fulfillment of its goals.

1. Effectively allocate and enhance human resources.
2. Continually assess and adapt new technologies and revise business processes as needed.
3. Review programs and procedures in light of changing needs of investigation participants and technological developments.

## 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	<i>Antidumping and Countervailing Duty Handbook</i>
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
MAST	Multilateral Agency Support Team on Nontariff Barriers
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	<i>An Introduction to Administrative Protective Order Practice in Import Injury Investigations</i>
SE	Office of the Secretary
TATA	Office of Tariff Affairs and Trade Agreements
TEO	temporary exclusion order
UNCTAD	United Nations Conference on Trade and Development
URAA	Uruguay Round Agreements Act
USTR	United States Trade Representative
WCO	World Customs Organization
WTO	World Trade Organization

# Strategic Operation No. 1: Import Injury Investigations

In FY 2011 and 2012, the Commission will seek to improve its performance in conducting import injury investigations by such actions as ensuring that determinations are issued in a timely way and customers have prompt access to investigation documents; improving the experience of users of the import injury Web pages; and conducting outreach to industry groups and others. Although the import injury process generally functions well, the Commission will continue to explore avenues for improvement.

External factors affecting performance within Strategic Operation No. 1 include industry decisions on whether to file cases, Commerce Department determinations, judicial and panel reviews, 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.

Although the agency will continue to perform internal reviews of draft investigation and litigation documents, a goal relating to reviews by investigative team members has been removed because it is not sufficiently outcome-oriented.

## Strategic Goal

*The Commission's strategic goal in conducting import injury investigations is to support a rules-based international trading system by producing high-quality and timely import injury determinations based on the following:*

- an effective exchange of information between the Commission and interested parties,*
- an appropriate investigative record, and*
- transparent, fair, and equitably-implemented procedures.*

## Performance Goals, Annual Goals, and Results

<b>Performance Goal 1:</b> Improve the quality and efficiency of the investigative process by conducting internal and external reviews, including review of draft investigation and litigation documents.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Written feedback from Commissioners and their aides concerning staff's efforts to compile the record and to identify, explain, and analyze important factual and legal issues is positive at least 80% of the time.			a. Written feedback from Commissioners and their aides concerning staff's efforts to compile the record and to identify, explain and analyze important factual and legal issues is positive at least 82% of the time.		
Purpose: Ensure an appropriate investigative record is compiled for every investigation.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	80% positive feedback.	82% positive feedback.
Indicator and data source: Commissioner feedback reported by GC and INV.					

<b>Performance Goal 2:</b> Meet statutory, court, and administrative deadlines.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Submit all reports, determinations, memoranda, draft opinions, and briefs on time.			a. Submit all reports, determinations, memoranda, draft opinions, and briefs on time.		
Purpose: Timely submission of documents to ensure compliance with applicable laws and court orders.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target not met	Target met	100%.	100%.
Indicator and data source: Dates of issuance reported by GC and INV.					

<b>Performance Goal 3: Improve the development of investigative records.</b>					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Make progress on improving methods of gathering and processing investigative data, such as streamlining questionnaires.			a. Make progress on improving methods of gathering and processing investigative data, taking into account results of biannual survey of investigation participants regarding investigative procedures.		
Purpose: Ensure that import injury determinations are based on an effective exchange of information between the Commission and interested parties and that procedures are efficient and fair.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	Progress made.	Progress made.
Indicator and data source: Improvements implementation reported by INV and ITS.					

<b>Performance Goal 4: Improve the scope, quality, and transparency of information regarding investigations that is made available to investigative participants and the public.</b>					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Achieve 1-point improvement over the FY 2010 level of satisfaction reported by users of the Commission's import injury Web pages.			a. Achieve 1-point improvement over the FY 2011 level of satisfaction reported by users of the Commission's import injury Web pages.		
Purpose: Ensure that information on the import injury investigation process is easily accessible to interested parties and the general public through the agency's Web site.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target not met	Target not met	Target met	1-point improvement.	1-point improvement.
Indicator and data source: Level of satisfaction reported by ITS.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Staff conducts outreach to industry groups and others to ensure they understand Commission capabilities and process.			b. Staff conducts outreach to industry groups and others to ensure they understand Commission capabilities and process.		
Purpose: Help potential participants in import injury proceedings in their interactions with the agency (new goal).					

FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Outreach conducted.	Outreach conducted.
Indicator and data Source: Number of outreach initiatives reported by INV.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. Make available 80 % of documents filed on EDIS within 24 hours, and 90 % within 48 hours.			c. Make available 80 % of documents filed on EDIS within 24 hours, and 90 % within 48 hours.		
Purpose: Prompt availability of investigative record material to enhance the ability of parties and others to participate in import injury proceedings.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target met	Target met	Target met	80% availability in 24 hours, 90% in 48 hours.	80% availability in 24 hours, 90% in 48 hours.
Indicator and data Source: Time of document availability reported by OAD.					

Note: The use of “N/A” (for “not applicable”) indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

# Strategic Operation No. 2: Intellectual Property-Based Import Investigations

The Commission plans to undertake activities during FY 2011 and 2012 to measure and enhance the agency's performance in three central aspects of its section 337 work: completing proceedings expeditiously, informing the public about the section 337 process, and improving the effectiveness of the agency's orders. The Commission will collect and analyze data about the length of investigations and ancillary proceedings and the Commission's compliance with key statutory and administrative deadlines to determine whether expansion of the ALJ corps to six judges has reduced the average length of investigations. The Commission will also ensure that new filings are entered into EDIS expeditiously and that the public has access to more types of information.

During FY 2000, the agency surveyed complainants who had obtained exclusion orders to see whether imports subject to exclusion had, in fact, stopped, and then developed recommendations in light of survey results. This survey was repeated in late FY 2005; based on an analysis of the responses, the Commission acted to increase communication between Commission staff and personnel of U.S. Customs and Border Protection (Customs) about the enforcement of section 337 remedial orders. In late FY 2010, the Commission conducted a similar survey.

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 Customs enforcement of exclusion orders.

The annual goal relating to the availability of filings in EDIS no longer includes post-trial exhibits in the indicator. Such documents are not used by the public and are available to internal users via other media. Because of technical changes in EDIS, the inclusion of such materials in the indicator would not be cost-effective.

## Strategic Goal

*The Commission's strategic goal is to conduct intellectual property-based import investigations in an expeditious, technically sound, and transparent manner, and provide for effective relief when relief is warranted, to support a rules-based international trading system.*



## Performance Goals, Annual Goals, and Results

<b>Performance Goal 1:</b> Meet statutory and key administrative and court deadlines, conclude section 337 investigations expeditiously, and reduce the average time to conclude ancillary proceedings.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Institute investigations; set target dates; and file TEO and final IDs, TEO and final determinations, and court briefs on time.			a. Institute investigations; set target dates; and file TEO and final IDs, TEO and final determinations, and court briefs on time.		
Purpose: Timely action to ensure compliance with laws and court rules, and that proceedings are conducted in an expeditious and procedurally sound way.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target met	Target met	100% of actions timely.	100% of actions timely.
Indicator and data source: Institution, target dates set, and documents filed within deadlines, as reported by OUII and GC.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Conclude investigations into alleged section 337 violations within time frames that are consistent with the URAA.			b. Conclude investigations into alleged section 337 violations within time frames that are consistent with the URAA.		
Purpose: Expedient adjudication of intellectual property-based disputes, particularly those involving patented technologies, is of great importance to intellectual property rights holders.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target not met	Target not met	Average length of investigations is within time frames.	Average length of investigations is within time frames.
Indicator and data Source: Investigation length is within time frames, as reported by OUII and GC.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. Ensure that the average length of ancillary proceedings is no more than the following: (1) modification: 6 months. (2) advisory: 12 months. (3) enforcement: 12 months. (4) consolidated ancillaries: 15 months.			c. Ensure that the average length of ancillary proceedings is no more than the following: (1) modification: 6 months. (2) advisory: 12 months. (3) enforcement: 12 months. (4) consolidated ancillaries: 15 months.		

Purpose: Ensure that ancillary proceedings, which play an important role in the enforcement of Commission remedies, do not become unduly long.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target 1 N/A	Target 1 N/A	Target 1 N/A	Target 1 N/A	Average length of proceedings is within time frames.	Average length of proceedings is within time frames.
Target 2 N/A	Target 2 met	Target 2 N/A	Target 2 met		
Target 3 met	Target 3 N/A	Target 3 not met	Target 3 met		
Target 4 N/A	Target 4 N/A	Target 4 met	Target 4 N/A		
Indicator and data source: Length of proceedings is within deadlines reported by OUII and GC.					

Note: The use of “N/A” (for “not applicable”) indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

<b>Performance Goal 2:</b> Improve the scope, quality, and transparency of information regarding section 337 investigations that is made available to investigative participants and the public.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Achieve 1-point improvement over the FY 2010 level of satisfaction reported by users of Commission intellectual property infringement Web pages.			a. Achieve 1-point improvement over the FY 2011 level of satisfaction reported by users of Commission intellectual property infringement Web pages.		
Purpose: Ensure that information on the intellectual property-based import investigation process is easily accessible to interested parties and the general public through the agency's Web site.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target met	Target met	1-point improvement.	1-point improvement.
Indicator and data source: Satisfaction level reported by ITS.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Make available 80 % of documents filed on EDIS within 24 hours, and 90 % within 48 hours.			b. Make available 80 % of documents filed on EDIS within 24 hours, and 90 % within 48 hours.		
Purpose: Prompt availability of investigative record material to enhance the ability of parties and others to participate in proceedings.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target met	Target met	Target met	80% availability in 24 hours, 90% in 48 hours.	80% availability in 24 hours, 90% in 48 hours.
Indicator and data source: Time of document availability reported by OAD.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. Staff conducts outreach to bar groups and others to ensure they understand Commission capabilities and process.			c. Staff conducts outreach to bar groups and others to ensure they understand Commission capabilities and process.		
Purpose: Enhance the service the Commission provides to its customers (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Outreach efforts made.	Outreach efforts made.
Indicator and data source: External contacts made, as reported by OUII and GC.					

<b>Performance Goal 3: Actively facilitate enforcement of exclusion orders.</b>					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Issue seizure and forfeiture orders within 60 days after receipt of notification letters from Customs.			a. Issue seizure and forfeiture orders within 60 days after receipt of notification letters from Customs.		
Purpose: Prompt issuance of seizure and forfeiture orders to prevent additional importations that violate exclusion orders.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	Target not met	Target not met	100% timely issuance.	100% timely issuance.
Indicator and data source: Order issuance reported by GC.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Provide terms of proposed exclusion orders to Customs before submitting them to the Commission, and provide scheduling information regarding section 337 proceedings to Customs on a quarterly basis.			b. Provide terms of proposed exclusion orders to Customs before submitting them to the Commission, and provide scheduling information regarding section 337 proceedings to Customs on a quarterly basis.		
Purpose: Improve communication between the Commission and Customs to help ensure the effectiveness of section 337 proceedings.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	Information provided in 100% of cases.	Information provided in 100% of cases.
Indicator and data source: Customs contacts reported by OUII.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. Formulate recommendations regarding enforcement in view of survey results and implement any such recommendations adopted by the Commission.			c. Continue implementation of recommendations from FY 2010.		
Purpose: Strengthen Commission procedures relating to the issuance of exclusion orders.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	Target met	Target met	Recommendations implemented.	Recommendations implemented.
Indicator and data source: Recommendation implementation reported by OUII and GC.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

<b>Performance Goal 4:</b> Formalize the process to facilitate the identification of potential public interest issues in the early stages of a section 337 investigation and provide the parties a clear opportunity to address such issues prior to the remedy phase of an investigation.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Review comments on notice of rulemaking and determine what further action is appropriate.			a. None.		
Purpose: Respond to input from a customer (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Determination made.	None.
Indicator and data source: Determination reported by GC.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

# Strategic Operation No. 3: Industry and Economic Analysis

The Commission continues its statutory mission to provide expert analysis and information to Congress and the executive branch via both formal reports and informal technical assistance. The Commission's goal is to provide sound, objective, value-added analytical products in a timely manner that inform public debate on trade policy issues. The Commission will seek to better serve its customers by improving the briefing skills of its staff, although a separate training-related goal was deemed unnecessary. External factors affecting the performance of this strategic Operation include customer requests for studies, and legislative initiatives. Commission experts are regularly called upon for information and analysis on current and future trade issues and proposed trade legislation, and are in frequent demand as technical experts to assist Congressional staff, interagency policy committees, and trade negotiating teams.

In FY 2011, the Commission will develop a baseline to use in assessing the Commissioners' level of satisfaction with Commission reports, including such factors as the reports' quality and their effectiveness in fully addressing customer requests. For FY 2012, Commission will seek to improve performance on that baseline.

A goal of increased Web site use was removed as redundant with other initiatives.

## Strategic Goal

*The Commission's strategic goal is to enhance the quality and timeliness of its industry and economic analysis to support sound and informed trade policy formulation.*

## Performance Goals, Annual Goals, and Results

<b>Performance Goal 1:</b> Develop and improve efficient and effective research methods.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Obtain 2% improvement over FY 2010 feedback from executive branch and congressional staff categorizing delivered statutory reports as informative.			a. Obtain 2% improvement over FY 2011 feedback from executive branch and congressional staff categorizing delivered statutory reports as informative.		
Purpose: Help ensure that Commission reports effectively provide information to their intended audience.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target not met	Target met	2% improvement.	2% improvement.
Indicator and data source: Response level reported by EC.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Deliver all section 332 reports to requesters on time.			b. Deliver all section 332 reports to requesters on time.		
Purpose: Comply with customer requests and ensure that customers receive up-to-date information.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	100% timely.	100% timely.
Indicator and data source: Reports delivered, as reported by EC and ER.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. Develop a baseline for Commissioners' feedback, especially on report quality and fully addressing Commission customers' requests.			c. Based on Commissioners' feedback, take action in areas needing improvement.		
Purpose: Assist staff in preparing high quality reports that give customers what they need (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Baseline developed.	Action taken.
Indicator and data source: Baseline established in 2011 and actions taken in 2012, as reported by EC.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

<b>Performance Goal 2:</b> Expand the Commission's capacity to anticipate and address new industry and economic analysis issues and areas as they emerge.						
FY 2011 Annual Goal				FY 2012 Annual Goal		
a. Produce more than 60 staff-initiated articles, working papers, research notes, Executive Briefings on Trade, and presentations at professional meetings/conferences, as resources and mandatory work permit.				a. Produce more than 60 staff-initiated articles, working papers, research notes, Executive Briefings on Trade, and presentations at professional meetings/conferences, as resources and mandatory work permit.		
Purpose: Enhance the Commission's industry and economic analysis capabilities.						
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target	
Target met	Target met	Target met	Target met	More than 60 issuances.	More than 60 issuances.	
Indicator and data source: Documents produced reported by EC.						
FY 2011 Annual Goal				FY 2012 Annual Goal		
b. Continue to enhance the Commission's capacity to efficiently respond to, and anticipate, new areas of analysis or data needs for internal and external customers.				b. Continue to enhance the Commission's capacity to efficiently respond to, and anticipate new areas of analysis or data needs for internal and external customers.		
Purpose: Enhance the Commission's ability to anticipate and provide timely responses to customer requests for new and unique insights into challenging international trade issues that may affect the United States (modified goal; see note 2 below).						
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target	
N/A	N/A	N/A	N/A	Develop baseline documentation and internal Commission process for Commission collaboration and review of research focus areas.	(i) Assess process/results for proactive identification of research area, considering feedback from Commissioners and external customers.  (ii) Illustrate/assess research efforts to efficiently respond, with feedback from Commissioners and external customers.	
Indicator and data source: Approved documentation and initiation of internal process (2011) and assessment of process and results (2012), as reported by EC.						



FY 2011 Annual Goal				FY 2012 Annual Goal	
c. Expand economic modeling and analytical capabilities.				c. Expand economic modeling and analytical capabilities.	
Purpose: Set multiple, specific targets (which change every year) for the expansion of agency capabilities.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Targets a-e met	Target a-e met Target f not met	Target a-c met Target d not met	Target a met Target b met Target c not met Target d not met	(a) increased integration of tools and databases related to NTMs and FDI into statutory work; (b) extend USAGE model to the 2002 I/O table; (c) development of new sources of supply chain and firm-level data to further understand global trade patterns; (d) continuation of research initiatives on India and Brazil, with a focus on agricultural trade; (e) continuation of model validation process to monitor Commission general equilibrium model performance, and (f) examination of the Vietnamese service sector.	(a) increased integration of tools and databases related to NTMs and FDI into statutory work; (b) update the USAGE add-on modules for state-level and occupational breakouts using the NAICS-based model; (c) development of new sources of supply chain and firm-level data to further understand global trade patterns; (d) continuation of research initiatives on India and Brazil, with a focus on manufacturing and services sectors; (e) continuation of model validation process to monitor Commission general equilibrium model performance; and (f) the development of a green services database.
Indicator and data source: Initiatives implemented as reported by EC.					

Notes: 1. The use of “N/A” (for “not applicable”) indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

2. The original goal for FY 2011 was “Continue to enhance staff capacity to efficiently respond to two or more new areas of analysis or data needs as requested by customers.”

<b>Performance Goal 3:</b> Improve the Commission's communications with its customers to ensure that they understand the agency's capabilities and are able to benefit from its expertise.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Achieve 1-point improvement over FY 2010 level of satisfaction reported by users of Commission Industry and Economic Analysis Web pages.			a. Achieve 1-point improvement over FY 2011 level of satisfaction reported by users of Commission Industry and Economic Analysis Web pages.		
Purpose: Ensure that the Commission provides useful information to customers on the Web pages.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target met	Target met	1-point improvement.	1-point improvement.
Indicator and data source: Satisfaction level reported by ITS and EC.					

# Strategic Operation No. 4: Tariff and Trade Information Services

During FY 2011 and 2012, the Commission will continue to provide timely and effective nomenclature and other services to Congress and the Administration, and will increase the usefulness of the tariff and trade information services it offers its customers. Central to this strategic Operation is the publication of the HTS and various types of tariff and trade information which are available on the Commission's Web site. The Commission actively seeks feedback on customer satisfaction, and has established goals and indicators to allow it to measure, analyze, and act on such feedback. External factors affecting performance of this function include legislative changes and customer requests for assistance.

A goal to increase the provision of Trade DataWeb and Tariff Database reports has been removed because these databases have been in place long enough to have reached their intended customers.

## Strategic Goal

*The Commission's strategic goal is to improve the availability of and access to high-quality and up-to-date tariff and international trade information and technical expertise to support the executive and legislative branches, the broader trade community, and the public.*

## Performance Goals, Annual Goals, and Results

Performance Goal No. 1: Increase the utility and improve the dissemination of tariff and trade information services to customers.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Establish baseline for usage of the HTS online search tool.			a. Achieve 5% increase over FY 2011 in usage of the HTS online search tool.		
Purpose: Ensure that the search tool reaches its intended users (modified goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Baseline established.	5% increase.
Indicator and data source: Usage rate reported by ITS.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Achieve 1-point improvement over FY 2010 level of positive feedback from users of Commission tariff and trade Web pages.			b. Achieve 1-point improvement over FY 2011 level of positive feedback from users of Commission tariff and trade Web pages.		
Purpose: Ensure that the Commission provides useful information to customers visiting its Web pages.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target not met	Target met	1-point improvement.	1-point improvement.
Indicator and data source: Feedback reported by ITS.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. 70% of users' keyword searches on the HTS Online Reference Tool are successful (i.e., do not result in "not found" messages).			c. 70% of users' keyword searches on the HTS Online Reference Tool are successful (i.e., do not result in "not found" messages).		
Purpose: Ensure that users can access the information they need (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	70% of searches successful.	70% of searches successful.
Indicator and data source: Search success reported by CIO.					

FY 2011 Annual Goal				FY 2012 Annual Goal	
d. Less than 1% difference between Customs' HTS database and the Commission's online versions of HTS.				d. Less than 1% difference between Customs' HTS database and the Commission's online versions of HTS.	
Purpose: Help ensure that accurate information is provided to customers (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Less than 1% difference.	Less than 1% difference.
Indicator and data source: Database differences reported by TATA.					
FY 2011 Annual Goal				FY 2012 Annual Goal	
e. Updated versions of the HTS posted to Web site within 2 working days of effective date.				e. Updated versions of the HTS posted to Web site within 2 working days of effective date.	
Purpose: Ensure that users receive up-to-date information (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Posting in 2 working days.	Posting in 2 working days.
Indicator and data source: Posting within deadline, as reported by TATA.					
FY 2011 Annual Goal				FY 2012 Annual Goal	
f. Requests to the 484(f) Committee acknowledged within 5 working days of receipt; petitioners notified electronically of Committee decisions within 5 working days and in writing within 5 days after implementation of statistical modifications of the HTS.				f. Requests to the 484(f) Committee acknowledged within 5 working days of receipt; petitioners notified electronically of Committee decisions within 5 working days and in writing within 5 days after implementation of statistical modifications of the HTS.	
Purpose: Enhance the ability of petitioners to work with the Committee (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Actions taken.	Actions taken.
Indicator and data source: Actions taken within deadlines, as reported by TATA.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

Performance Goal No. 2: Provide timely, effective, and responsive nomenclature and related technical services to customers.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Feedback on Commission responses to e-mail requests concerning HTS is positive at least 95% of the time.			a. Feedback on Commission responses to e-mail requests concerning HTS is positive at least 95% of the time.		
Purpose: Provide technical tariff and nomenclature advice that meets the needs of customers inside and outside the government.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	95% positive results.	95% positive results.
Indicator and data source: Results reported by TATA.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Develop system to measure response time for e-mails received through the HTS on-line help system.			b. 80% of e-mails received through the HTS on-line help system are responded to within 7 working days.		
Purpose: Improve the timeliness of advice provided to customers (modified goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target not met	Target not met	Target not met	Target not met	System developed.	80% response within deadline.
Indicator and data source: System developed in FY 2011, and response by deadline in FY 2012, as reported by TATA.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
c. From the date when a batch of miscellaneous tariff bills is assigned, 80% of reports are transmitted to the Congress within 65 working days.			c. From the date when a batch of miscellaneous tariff bills is assigned, 80% of reports are transmitted to the Congress within 65 working days.		
Purpose: Ensure the efficiency of the bill report process (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	80% of reports transmitted within deadline.	80% of reports transmitted within deadline.
Indicator and data source: Actions completed within deadlines, as reported by TATA.					

FY 2011 Annual Goal				FY 2012 Annual Goal	
d. To facilitate interagency decisionmaking, the 484(f) Committee meeting agenda is prepared at least 3 weeks before a scheduled meeting and minutes are finalized before the effective date of changes.				d. To facilitate interagency decisionmaking, 484(f) the Committee meeting agenda is prepared at least 3 weeks before a scheduled meeting and minutes are finalized before the effective date of changes.	
Purpose: Facilitate the work of the Committee and its member agencies (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Agenda and minutes prepared within deadlines.	Agenda and minutes prepared within deadlines.
Indicator and data source: Agenda and minutes prepared, as reported by TATA.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

# Strategic Operation No. 5: Trade Policy Support

During FY 2011 and 2012, the Commission plans to improve its performance in providing expert knowledge and analysis regarding trade-related issues to Congress and the executive branch. The Commission will work to improve the timeliness and scope of the support it provides, to seek improved customer feedback, and to deliver new products and services that meet the situational and increasingly complex needs of its customers. External factors affecting performance of this function include customer requests for assistance, staffing levels, and legislative changes. The Commission will also seek to better serve its customers by improving the briefing skills of its staff, although a separate training-related goal was found to be unnecessary.

## Strategic Goal

*The Commission's strategic goal is to provide enhanced support to the development of well-informed U.S. international trade policy by quickly responding to executive and legislative branch policymakers' needs for technical support, data, and analysis.*

## Performance Goals, Annual Goals, and Results

<b>Performance Goal 1:</b> Provide enhanced real-time, efficient, and effective technical information and analysis to support organizations involved in trade policy formulation.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Support 89 tariff, industry, or trade issues by Commission analysis (~2 % increase from previous year).			a. Support 91 tariff, industry, or trade issues by Commission analysis (~2 % increase from previous year).		
Purpose: Ensure that the Commission provides significant support to customers.					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
Target met	Target met	Target met	Target met	89 issues supported.	91 issues supported.
Indicator and data source: Number of issues supported (ID).					



FY 2011 Annual Goal				FY 2012 Annual Goal	
b. Establish capability for and procedures to enhance electronic delivery of classified products.				b. None.	
Purpose: Assist the customer in receiving classified products (modified goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	Target met	Capability and procedures established.	None.
Indicator and data source: 2011: Capability and procedures established, as reported by ER and ITS.					
FY 2011 Annual Goal				FY 2012 Annual Goal	
c. Revise internal guidelines to improve real-time tracking of requests.				c. None.	
Purpose: Ensure that requests are responded to promptly (modified goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	Target not met	Target not met	Guidelines revised.	None.
Indicator and data source: 2011: Guidelines revised, as reported by ID.					
FY 2011 Annual Goal				FY 2012 Annual Goal	
d. Issue 100 % of responses to Congressional letters on time.				d. Issue 100 % of responses to Congressional letters on time.	
Purpose: Ensure that customers receive up-to-date information (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	100% timely.	100% timely.
Indicator and data source: Responses issued by deadline, as reported by ER and GC.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.

<b>Performance Goal 2:</b> Ensure that the Commission's customers are fully informed of the agency's capabilities and are able to benefit from its expertise.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
a. Focus outreach activities regarding Commission capabilities on new Congressional oversight committee staff.			a. Focus outreach activities regarding Commission capabilities on new Congressional oversight committee staff.		
Purpose: Enable new Congressional staff to fully benefit from the Commission's expertise (modified goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	Target met	Contacts made.	Contacts made.
Indicator and data source: External contacts made, as reported by ID and ER.					
FY 2011 Annual Goal			FY 2012 Annual Goal		
b. Seek semiannual feedback from USTR's designated Commission liaison regarding satisfaction with technical assistance products.			b. Seek semiannual feedback from USTR's designated Commission liaison regarding satisfaction with technical assistance products, and implement enhancements based on feedback received.		
Purpose: Ensure that customers are receiving the assistance that they need (new goal).					
FY 2007 result	FY 2008 result	FY 2009 result	FY 2010 result	FY 2011 target	FY 2012 target
N/A	N/A	N/A	N/A	Feedback obtained.	Feedback obtained and enhancements implemented.
Indicator and data source: Feedback in FY 2011, and feedback and enhancements in FY 2012, as reported by ID and ER.					

Note: The use of "N/A" (for "not applicable") indicates that no results data are available, normally because a goal is new or no relevant actions occurred during the period.



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