

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20503

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Office of the Secretary Int'l Trade Commission

JUN 28 2011

The Honorable Deanna Tanner Okun
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Okun:

Remanufacturing is an industrial process that restores end-of-life goods to original working condition and occurs across a range of sectors, such as heavy machinery, automotive parts, medical equipment, office equipment, information and communications technology equipment, and precision instruments. Remanufacturers include original equipment manufacturers, independent companies, and small and medium size enterprises (SMEs). American consumers and businesses purchase remanufactured products and use them in their daily activities, as they know that such products provide high-end performance at lower cost. Remanufacturing also provides significant environmental benefits, since it uses less material, energy, and water than manufacturing goods from virgin material.

U.S. remanufacturers have been leaders in remanufacturing for decades and are expanding their activities across the globe. Despite the strong presence of remanufacturing in the United States and growth internationally, little data regarding remanufacturing, including sales, employment, trade, and investment in remanufacturing have been compiled and analyzed. I believe that additional data collection and analysis will help remanufacturers, and in particular SMEs, in growing their companies, accessing foreign markets, and responding to increasing resource scarcity. Such information and analysis will also help the United States pursue discussions and negotiations on eliminating barriers to trade in remanufactured goods bilaterally and multilaterally at the World Trade Organization and at Asia-Pacific Economic Cooperation (APEC). As the Administration strives to remove barriers and constraints to U.S. exports, enforce trade agreements, and support the expansion of trade, remanufacturing and the export of remanufactured goods can contribute positively to trade and the U.S. economy.

Pursuant to authority delegated by the President to the United States Trade Representative (USTR) under Section 332(g) of the Tariff Act of 1930, I request that the Commission prepare a report that: 1) provides an overview of the U.S. remanufactured goods industries and markets; 2) estimates U.S. and global trade in remanufactured goods to the extent possible; and 3) examines factors affecting trends in remanufactured goods trade. As the process of remanufacturing may be employed by any industrial sector throughout the U.S. economy, this report should focus on remanufacturing-intensive sectors that account for the majority of remanufacturing activity in the United States. For purposes of its analysis, the Commission should define remanufactured goods as non-agricultural goods that are entirely or partially comprised of parts that (i) have been obtained from the disassembly of used goods; and (ii) have been processed, cleaned, inspected,

and tested to the extent necessary to ensure they have been restored to original working condition or better; and for which the remanufacturer has issued a warranty.

Specifically, based on a review of available data and other information, including the collection of primary data through a survey of enterprises engaged in remanufacturing, the Commission's report should cover the period 2009–11 and, to the extent practicable, estimate and describe the following:

- the size and scope of remanufacturing in the United States, including principal producers, levels of employment, investment, and sales (including in the domestic market and exports);
- the U.S. market for remanufactured goods, including the goods supplied by domestic producers;
- U.S. exports of remanufactured goods, including by primary sector and leading export destinations. The report should also compare U.S. exports of remanufactured goods to free trade agreement partners with exports to non-free trade agreement partners. To the extent possible, information should also be included on the level of U.S. imports of remanufactured goods as well as the level of imports of “cores” (used goods acting as the primary component input(s)) and the principal sources for these products; and
- the factors affecting sales, trade, and investment in U.S. remanufactured goods, including a discussion of recent trends.

In addition, USTR would benefit from information regarding remanufacturing in foreign markets (e.g., such as markets in the APEC and G-20 economies), and the role of foreign direct investment (FDI) in the United States for remanufactured goods. Therefore, to the extent possible, the report should also include the following:

- an assessment of FDI in U.S. remanufacturing, including associated employment and the extent to which foreign firms have invested in the U.S. enterprises producing remanufactured goods;
- an overview of outward FDI in remanufacturing by leading U.S.-based firms, including their major markets;
- an analysis of trade by foreign remanufacturers invested in the United States, including trade in “cores”; and
- an overview of the global markets for remanufactured goods and enterprises engaged in remanufacturing.

I anticipate that USTR will make the Commission's report available to the public in its entirety. Therefore, the report should not contain any confidential business or national security information. The Commission is requested to deliver the report no later than 16 months from the date of receipt of this letter.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald Kirk". The signature is written in a cursive style with a large initial "R" and a distinct "K".

Ambassador Ronald Kirk