

1SUPPORTING STATEMENT
UNITED STATES INTERNATIONAL TRADE COMMISSION QUESTIONNAIRE

Aluminum: Competitive Conditions Affecting the U.S. Industry

Part A—Justification

1. Request for regular action

The U.S. International Trade Commission (“USITC” or “Commission”) is seeking approval for use of a questionnaire in connection with a report it is preparing for the U.S. House Committee on Ways and Means (“Committee”). The Commission’s report, *Aluminum: Competitive Conditions Affecting the U.S. Industry* (Inv. No 332-557), was requested by the Committee on February 24, 2016. The Committee requested that the Commission transmit its report by June 24, 2017. Questionnaires are one method by which the Commission will collect information for this request.

On June 22, 2016 the Commission posted its draft questionnaire on its website (www.usitc.gov/aluminum), and published a request for public comments in the Federal Register on the draft. Public comments will be accepted through August 24, 2016.

Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) provides in pertinent part that the Commission, at the request of the House Committee on Ways and Means “shall make such investigations and reports as may be requested.” Section 333(a) of the Tariff Act of 1930 authorizes the Commission, in carrying out its functions and duties in connection with any investigation authorized by law, to obtain information, including by subpoena or other order to furnish information. Copies of section 332(g) and section 333(a) of the Tariff Act of 1930 are attached as supplementary documents.

As indicated above, the report is due to the Committee by June 24, 2017. This deadline necessitates prompt issuance of questionnaires. The questionnaires are tentatively scheduled to be mailed to respondents on or before September 30, 2016 in order to allow sufficient time for each recipient to complete the questionnaire, which is due back to the Commission by November 4, 2016.

2. Purpose

The information collected from questionnaires will be aggregated by the Commission and presented in a public report to the Committee that will examine the effects of conditions of competition on the U.S. aluminum industry. The information to be collected is critical to the Commission's task in addressing the elements of the Committee’s request, since such data are not publicly available.

In the request letter for the study, the Committee has requested that the report (1) provide an overview of the aluminum industry in the United States and other major global producing and exporting countries; (2) describe recent trends and developments in the global market for aluminum; (3) compare competitive strengths and weaknesses of aluminum production and exports in the United States and other major producing and exporting countries; (4) identify factors driving capacity and related production changes in countries where unwrought aluminum capacity has significantly increased; and (5) assess the impact of government policies and programs in major foreign aluminum producing and exporting countries.

The Committee specifically stated in its letter that it anticipated the need for questionnaires in order to develop detailed information on the domestic aluminum market and industry. The use of a questionnaire to collect relevant information is thus an integral part of the Committee’s request and will aid the Commission in fulfilling its statutory duty to provide the requested information.

As drafted, the questionnaire mandates a response from recipients. Pursuant to section 333(a) of the Tariff Act of 1930, the Commission is authorized to compel persons, firms, a partnership, a corporation, or an association to furnish in writing, in such detail and in such form as the Commission may prescribe, information in their possession pertaining to such investigation. Failure to require mandatory responses would likely significantly depress response rates. Without a robust response, the Commission will be unable to furnish the information requested by the Committee and will be unable to satisfactorily discharge its responsibility under section 332(g) of the Tariff Act of 1930.

3. Use of technology

All available information technology has been incorporated into the questionnaire design, including the use of Adobe Form Fillable software that will allow respondents to complete the questionnaire electronically. This interactive Adobe Form, which incorporates quality control functions, submission buttons, and summation functions, will be available for download from the USITC website at www.usitc.gov/aluminum. While recipients will not be required to submit their questionnaire responses electronically, they will be able to provide their responses via electronic submission of the questionnaire through a secure upload system or via email.

4. Non-duplication of available data

To the extent possible, the Commission's investigation will rely on existing publicly available data. Commission staff has reached out to government, academic, and industry leaders in the aluminum industry, and have confirmed that there are no existing data that addresses the data needs that should result from the questionnaire. Further, after a thorough background search of data sources for this investigation, it has been determined that no other industry, government, or academic organizations collect or publish data that are duplicative of the data requested in the questionnaire.

5. Impact on small businesses

To minimize the reporting burden, the questionnaire was designed to be as brief as possible, consistent with information requirements. Skip logic ensures that firms answer only relevant sections, based on the products that firm produces. Check-the-box and select-from-a-list response options are used where appropriate to simplify the questionnaire. In addition, the questionnaire indicates that carefully prepared estimates are acceptable, which should further reduce the potential burden on smaller firms that may not have sufficient administrative resources or automated record-keeping systems.

6. Consequences of non-collection

Due to the lack of suitable data from other sources, without this information collection, the Commission will be unable to fulfill the Committee's request and therefore will be unable to satisfactorily discharge its responsibility under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)).

7. Frequency of data collection

This is a one-time, nonrecurring data collection.

8a. Consistency with 5 CFR 1320.6 guidelines

No special circumstances exist that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.6. If any respondents do not maintain information in the format requested by the questionnaire, they are requested to submit carefully prepared estimates based upon available information.

8b. Consultations with affected public

The Commission’s 60-day notice requesting public comment was published in the Federal Register on June 22, 2016. The notice and other information related to this study were published on the Commission’s website at www.usitc.gov/aluminum.

The Commission’s 30-day notice of submission to OMB requesting clearance was published in the Federal Register on XX [expected by August 25, 2016]. The notice is also posted on the Commission’s website at https://usitc.gov/research_and_analysis/what_we_are_working_on.htm. No public comments have been received to date.

Commission staff field tested the questionnaire with regard to the availability of data, reporting burden, clarity of instructions, disclosure, and reporting format. All field testers received copies of the draft questionnaire. Commission staff requested comments from nine and received comments from five representatives from companies or associations in the aluminum industry (table 1).

Commission staff held a focus group consisting of representatives from three companies or associations in the aluminum industry. The discussion focused on clarifying definitions, product coverage, raw material coverage, and unit of quantity consistency (table 1).

TABLE 1 – Field testing comments and Commission response

Comment/Suggestion	Response
Gather data on production, capacity, shipments, employment and financial performance in the primary unwrought section.	No changes made. These data are available from published sources.
Improve and add definitions.	Definition of primary and secondary aluminum and employee bolstered; definition for investment, downstream producers added.
Add more specific sub-categories for wrought products.	Alloy and heat treatment sub-categories created.
Add specific sub-categories, such as “beverage can sheet” to “Plates, sheets, strip, or foil products” in wrought aluminum section.	Different sub-categories added. However, the sub-categories that were added and the end-use data that will be gathered will provide comparable data.
Gather data on consumption of domestic and foreign feedstocks by secondary unwrought aluminum producers.	Question added to collect indicated data.
Gather data on financial performance of the secondary unwrought producers.	No changes made. These data are available from published sources.
Gather data on competitive aspects of high purity aluminum by getting production, capacity, financial performance, and import competition from primary aluminum producers.	Did not add to primary section. But added question on purchases of high-purity aluminum in secondary section; will follow up with respondents on competitive aspects.
Gather data on purchases of scrap as feedstock by wrought producers.	Added question requesting scrap purchases from foreign and domestic sources in secondary section (for purposes of questionnaire, scrap is used by secondary producers, not wrought producers).
Identify sources of competition from imports.	No changes made. U.S. import data from Census Bureau show sources of competition.

Include data for 2016 for primary unwrought aluminum products because there have been many recent developments.	No changes made. These data are available from published sources.
Add questions to get more information on competitive conditions and factors.	No changes made. Commission will follow-up with respondents, conduct fieldwork, and hold a hearing to get this information.
Clarify meaning of “value” in shipment data: Should be sales value, not conversion value.	Instruction added to clarify meaning of “value.”
Units of quantity should be pounds	Changed units from metric tons to tons (commenters agreed to this instead of pounds).
Add “shipping/transport” and “carbon” to list of cost components in primary unwrought aluminum section.	Costs components as indicated added.
Gather data separately for domestic shipments and exports.	Added table for exports for wrought producers.
For end use markets, add aerospace and distribution	Indicated categories added.

Staff also conducted cognitive interviews on one organization in the aluminum industry and three federal government industry specialists. Cognitive testing ensures that a survey question successfully captures the scientific intent of the question and, at the same time, makes sense to respondents thereby increasing the overall quality of the survey data (table 2).

TABLE 2 – Cognitive testing comments and Commission response

Comment/Suggestion	Response
Overlooked the PIN for dropbox submission.	Put PIN on a new line and colored it red to stand out more
Confused by wording in definitions referring to the “limit specified above” for alloyed Aluminum.	Explicitly stated the limit as “greater than 1 percent”
Definition of United States should include other territories such as Guam and U.S. Virgin Islands.	Did not change. There was no indication any production facilities are located in those territories.
Questions with cost change in sections 2, 3, and 4 had very long drop downs that were cumbersome to navigate.	Changed the structure of the question to four columns with checkboxes, a column for increased, and a column for decreased.
Reorganize question 3.5 into categories for ease of reading and data retrieval.	Divided the grid into domestic, foreign, and unknown
Questions like 3.6 asked two separate things so recommended having a yes/no checkbox to respond to first question and then the drop downs if the answer to the first question was yes.	Reworded the question to make it shorter and only ask one thing.
Confused by what “attributed by product group” meant in 4.7.	Changed to “attributed to only one product group”
Did not see instruction to “Select the country...” that was at the bottom of the table.	Moved the instruction to the top of the table and made it bold.
Concerned about the line on the Certification page that says submitters strongly encouraged to encrypt nonpublic documents.	Added language on the Submission page that lets submitters know Drop box encrypts their documents.

Suggested using the words “Capital expenditures” rather than “Investment” since Investment is much broader than the definition used.	Changed “Investment” to “Capital expenditures”.
Asked what to do about contract workers.	Added language that contract workers should not be included.
Asked if total shipments included internal consumption and transfers to related firms.	Modified language in definition of shipments.

9. Payments or gifts

Not applicable. Questionnaire recipients will not be provided with any payments or gifts for their responses.

10. Assurances of confidentiality

On the first page of the questionnaire, the Commission provides recipients with an assurance of confidentiality, indicating that: “The Commission has designated as “confidential business information” the information you provide in response to this questionnaire, to the extent that such information would reveal the operations of your organization and is not otherwise available to the public. The Commission will not disclose such confidential business information except as provided for in section 5 of this questionnaire. Information received in response to this questionnaire will be aggregated with information from other questionnaire responses and will not be published in a manner that would reveal the operations of your organization.”

Section 5 states: “I, the undersigned, acknowledge that information submitted in response to this request for information and throughout this investigation or other proceeding may be disclosed to and used: (i) by the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel, solely for cybersecurity purposes. I understand that all contract personnel will sign appropriate nondisclosure agreements.” The questionnaire also notes that the Committee “has asked that the Commission not include any confidential business information in the report it transmits to them.”

11. Sensitive information

The Commission is not seeking information on issues of a sensitive nature involving persons or firms.

12. Respondents’ projected cost burden

The Commission has reduced the reporting burden on respondents by limiting the length and complexity of the questionnaire. Furthermore, the questionnaire only contains questions that the Commission believes to be readily available from firms’ existing records and not all sections will apply to all firms.

The reporting burden is estimated to be:

Number of respondents:	(No.)	280
Frequency of response:	(No.)	1
Annual burden per respondent:	(hours)	12
Total burden:	(hours)	3,360

These estimates are based on reported response statistics from recently completed, similar surveys that the Commission has executed. Burden per respondent for completing the questionnaire includes time to gather necessary information, respond to the questionnaire, and respond to follow up questions. These follow up questions may include clarifications, revisions, or additional questions. Whether or not an organization is asked additional questions will depend on their response to certain questions in the survey. It is estimated this would take approximately 12 hours depending on the size and complexity of the firm. The burden on individual respondents may vary. The actual burden experienced by individual firms will likely be lower than 12 hours because not all sections of the questionnaire apply to all firms.

The Commission has included a notice of the above response burden averages in the questionnaire, along with a request that respondents send comments to the Commission and to OMB.

The combined annualized cost to all respondents for the estimated hour burdens identified above is as follows:

$$\text{Cost} = 3,360 \text{ hours} \times \$68.75^* \text{ per hour} = \$231,000$$

*This is the same hourly cost estimate used in item 14 below. The Commission projects that this is an accurate hourly cost estimate for personnel who will likely complete the questionnaire.

13. Annual public response burden

This is a one-time collection of information and therefore the total recurring annual cost burden is zero.

a. Total capital and start-up cost component: The Commission does not expect any capital and start-up costs because all information likely already exists in firms' records storage facilities.

b. Total operation and maintenance and purchase of service component: The Commission does not expect respondents will need to purchase any services in completing the questionnaire.

14. Federal change in burden

The estimated total cost to the Federal Government is \$171,480 as detailed below. No new equipment will be purchased because existing equipment will be used to process the questionnaires.

The estimated number of work hours includes designing the questionnaires, soliciting field test comments, editing results (i.e., contacting respondents after completion of the questionnaires to clarify responses), and compiling and tabulating questionnaire responses.

Personnel cost*	=	\$168,480
Operational costs**	=	<u>\$3,000</u>
Total cost	=	\$171,480

*The hourly figure was approximated by dividing the Commission's average salary level (\$143,000) by the number of work hours per year (2,080), which is equivalent to an average cost of \$68.75 per hour. Personnel costs also include three weeks of two full time staff members to follow up with respondents. This time includes calls to questionnaire recipients from Commission staff to ensure that organizations reply to the questionnaire and that responses received are accurate. The Commission estimates that 3,370 personnel hours (84 personnel weeks) will be spent on the questionnaire, which is approximately 13 percent of the total personnel hours the Commission budgeted for the study.

**Operational costs include printing and mailing.

15. Program change justification

The Commission currently imposes no reporting burden on firms with respect to U.S. aluminum industry. The burden on firms increased because of a request from the Committees to provide a report on this topic. Such data are not publicly available. This is a one-time collection for such data. The Committees' request letter is attached as a supplemental document.

16. Project plan and schedule

After receiving completed questionnaires, Commission staff will edit and review each response for accuracy, resolve any questions with the respondent, and tabulate the returns. Data will be analyzed, compiled in a form that will not reveal the individual operations of any respondent, and prepared for publication. The questionnaire is scheduled to be mailed on or before September 30, 2016. The respondents are requested to respond by November 4, 2016. The report, incorporating questionnaire information, will be transmitted to the Committees on or before Monday, June 26, 2016.

17. Non-display of expiration date

Not applicable, the expiration date appears on page 1 of the Commission questionnaire.

18. Exceptions to certification statement to form OMB 83-I

Not applicable.