

1SUPPORTING STATEMENT
UNITED STATES INTERNATIONAL TRADE COMMISSION QUESTIONNAIRE

American Manufacturing Competitiveness Act: Effects of Temporary Duty Suspensions and Reductions on the U.S. Economy

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 required by section 4 of the American Manufacturing Competitiveness Act of 2016 (AMCA) (19 U.S.C 1332 note). Section 4 of the AMCA requires the Commission to submit a report to the House Committee on Ways and Means and Senate Committee on Finance on the effects on the United States economy of duty suspensions and reductions enacted pursuant to the Act. The AMCA also requires the Commission to solicit and append to the report recommendations with respect to those domestic industry sectors or specific domestic industries that might benefit from permanent duty suspensions and reductions.

The Commission's report, *American Manufacturing Competitiveness Act: Effects of Temporary Duty Suspension and Reductions on the U.S. Economy* (Inv. No 332-565), is required no later than 12 months after the enactment of a miscellaneous tariff bill. The President signed the Miscellaneous Tariff Bill Act of 2018 (MTB Act of 2018) (Public Law 115-239) into law on September 13, 2018. The Commission will transmit its report to the House Committee on Ways and Means and the Senate Committee on Finance (Committees) by September 13, 2019. Questionnaires are one method by which the Commission will collect information for this reporting requirement.

On September 18, 2018, the Commission posted its draft questionnaire on its website (<https://www.usitc.gov/mtbeffects>), and published a request for public comments in the *Federal Register* on the draft. Public comments were accepted through November 23, 2018.

Section 332 of the Tariff Act of 1930 (19 U.S.C. 1332) authorizes the Commission to make investigations and submit reports relating to the customs laws and their effects. The Commission has instituted an investigation under section 332 for the purpose of preparing this report and to facilitate the submission of information by the public, to facilitate public review of the information submitted, and to include the Commission's report in an existing reporting series. The report that section 4 of the AMCA requires the Commission to prepare is, at this time, a one-time report. Section 333(a) of the Tariff Act of 1930 (19 U.S.C. 1333(a)) 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.

As indicated above, the report is due to the Committees by September 13, 2019. This deadline necessitates prompt issuance of questionnaires. The questionnaires are tentatively scheduled to be mailed to respondents on or before January 16, 2019 in order to allow sufficient time for each recipient to complete the questionnaire, which is due back to the Commission by February 13, 2019, and any necessary follow-up.

2. Purpose

The information collected from questionnaires will be aggregated by the Commission and presented in a public report to the Committees that will examine the effects on the U.S. economy of duty suspensions and reductions enacted pursuant to the AMCA. The information to be collected is critical to the Commission's task in addressing the elements of the reporting requirement, as such data are not publicly available.

The AMCA directs the Commission to include in its report “a broad assessment of the economic effects of such duty suspensions and reductions on producers, purchasers, and consumers in the United States using case studies describing such effects on selected industries or by type of article as available data permit.” The AMCA also directs the Commission to solicit and append to its report “recommendations with respect to those domestic industry sectors or specific domestic industries that might benefit from permanent duty suspensions and reductions, either through a unilateral action of the United States or [through] negotiations for reciprocal tariff agreements, with a particular focus on inequities created by tariff inversions.”

The questionnaire has been designed to collect the information that will allow the Commission to prepare the report, and is thus integral to the Commission’s fulfillment of its statutory duty to provide the required information. Qualitative information collected will be used in case studies to describe the effects of the duty suspensions and reductions on specific industries or industry sectors and, to the extent feasible, on the broad U.S. economy.

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 an investigation. Failure to require mandatory responses would likely significantly depress response rates.

3. Use of technology

The Commission will use survey software to allow respondents to complete an online questionnaire. The online version will incorporate skip-logic and prepopulation to ensure respondents only see questions that are relevant to them or that include options based on responses to previous questions and subquestions. The online form incorporates quality control functions and submission buttons and will require an individual ID for each respondent to access. A PDF version of the questionnaire will be available for download from the USITC website so that respondents may look at the questionnaire in its

entirety when crafting their response; however only questionnaires submitted through the online survey software will be accepted.

4. Non-duplication of available data

To the extent possible, the Commission's investigation will rely on existing publicly available data. However, most of the data and information to be used in this report are not publicly available.

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. Check-the-box response options and prepopulation of subquestions are used where appropriate to simplify the questionnaire.

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 statutory requirement and therefore will be unable to satisfactorily discharge its responsibility under section 4 of the AMCA (19 U.S.C. 1332 note).

7. Frequency of data collection

This is a one-time, nonrecurring data collection for the MTB Act of 2018.

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.

8b. Consultations with affected public

The Commission's 60-day notice requesting public comment was published in the *Federal Register* on October 2, 2018. The notice and other information related to this study were published on the Commission's website at <https://www.usitc.gov/mtbeffects>. All public comments have been incorporated into the questionnaire.

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 firms that successfully petitioned for duty suspensions and reductions and received comments from seven of these firms. Both external and internal comments received on the questionnaire during the public comment period, including those received from field testers, and the Commission's response to such comments are summarized in table 1.

TABLE 1 - Comments and Commission response

Comment	Change/Response
Streamline the questionnaire process, so that there is better quality control. In addition, respondents are familiar with a web-based submission process through the Miscellaneous Tariff Bill Petition System.	Made language reflect that web-based is the only way to fill out the questionnaire.
Ranges be used in place of exact FTEs. Exact numbers are not needed to fulfill requirements/information for case studies.	Section 1, Question 2. Firms are no longer asked to provide exact employment numbers. Grouped number of employees into three buckets to be able to break out response by size.
Question needed to help identify different types of businesses to better respond to the report requirements outlined in the AMCA, and to better target the questions relevant for each type of business.	Added question 3 in Section 1 to account for different types of business (retailers, wholesalers/distributors, and manufacturers).
<p>Predefined sectors were subjective and respondents may not agree with the classification. Sector breakouts could complicate a firm's ability to provide responses.</p> <p>Having a different table for each predefined sector would be overly burdensome for respondents.</p>	Predefined sectors are removed from the questionnaire. Section 3 (previously Section 2): Tables and the follow-up narrative questions are no longer delineated by sector. Respondents are no longer required to fill out a separate table for each sector.
Add questions on the effect(s) of Section 301 tariffs and other external factors affecting the use of and benefits from 9902 provisions.	New Section 2 added to address effects of actions external to the duty suspensions and reductions.
Need to ascertain if the respondent is using at least one 9902 heading in order to reduce burden on respondents not importing under any 9902 headings and to meet the requirements of the AMCA.	Inserted questions at the beginning of Section 3 about utilization of any 9902 headings.
<p>Due to the length of the study (12 months), and the fact that the questionnaire will be filled out three months after implementation of the MTB Act of 2018, actual effects will be difficult to ascertain. It would be more useful to get the overall effect.</p>	<p>Modified mailing schedule to allow for more time for responses. Responses will be due five months after implementation.</p> <p>One table for actual and anticipated effects instead of separate questions. In addition, the follow-up narrative questions to the combined table are for both actual and anticipated effects to reduce the burden on respondents (request partially addressed).</p> <p>Added instruction so respondents know to answer</p>

Comment	Change/Response
	<p>both 'actual' and 'anticipated': "Please select the actual change and anticipated change for your firm in the section below."</p> <p>Cannot fully combine actual and anticipated results into one column, because anticipated results are not an 'effect.' Need to keep separate in order to fulfill the reporting requirement outlined by the AMCA.</p>
<p>Tables in Section 2, Question 6 are biased towards manufacturers. Tables should reflect all types of businesses (i.e., manufacturer, distributor/wholesaler, and retailer). Add additional metric for manufacturers' investment in new product development.</p>	<p>Section 3 (previously Section 2): Now three tables for different types of business: 1) Table with metrics that apply to all three (manufacturer, retailer, wholesale/distributor) 2) Table with metrics that only apply to retailers and wholesale/distributors 3) Table with metrics that only apply to manufacturers. Added "Investment in new product development" to manufacturers' table.</p>
<p>Need to clearly identify the period of time that MTBs are active so that respondents can properly fill out the questionnaire.</p>	<p>Language before the table clearly states date of implementation and expiration of the temporary duty suspensions and reductions.</p>
<p>Respondents are unlikely willing/able to provide accurate estimates of quantitative information, such as employment, due to the short timeline of the investigation (12 months) and it could be burdensome to respondents.</p>	<p>Changed estimate questions from quantitative to qualitative.</p>
<p>The reason for Section 3 (now Section 4) questions could be confusing.</p>	<p>The AMCA Section 4 language requiring the Commission to solicit and append recommendations added to beginning of what is now Section 4.</p>
<p>Clarify NTR and add an example of tariff inversion.</p>	<p>Defined NTR and provided an example of tariff inversion.</p>
<p>Clearly delineate to the respondent which part of the questionnaire will be treated as public, and make sure that there are no CBI concerns in the public section of the questionnaire.</p>	<p>Language at the beginning of what is now Section 4 updated to make it more obvious that the information supplied in this section will be treated as public. Added "This information will be treated as Confidential Business Information" to sections 1, 2, 3, 6, and 7.</p>
<p>Cause of tariff inversion is not necessary for the report requirements outlined in the AMCA and may be sensitive information for firms to report in the public section.</p>	<p>Table column asking for cause of tariff inversion(s) removed (i.e., what HTS-8 subheading involves the final good, causing the tariff inversion). Also removed follow-up question specifying the reason why there is a tariff inversion.</p>
<p>The MTB Act is referenced in several questions without any prior explanation.</p>	<p>The MTB Act is now identified in the background information.</p>
<p>Market share is not necessary for the report requirements outlined in the AMCA and would be unreasonably burdensome.</p>	<p>Removed market share from the table.</p>

Comment	Change/Response
The AMCA asks for recommendations for permanent duty suspensions and reductions with respect to domestic industry sectors or specific domestic industries.	Added question 14: "Are there specific domestic industry sectors or domestic industries that might benefit from permanent duty suspensions or reductions?"
Define terms used in the questionnaire so respondents fill out the questionnaire accurately.	Added a Definitions section at the beginning of the questionnaire.
Respondents would like to comment on 9902 headings they did not petition for or comment on but may be beneficial for them. This information should be included in the public portion of the questionnaire.	Inserted a comment box in Section 4 that will be treated as public.

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 second page of the questionnaire, the Commission provides recipients with an assurance of confidentiality, indicating that:

All sections of the questionnaire except section 4: Except for section 4 of the questionnaire, the Commission has designated the information you provide in response to this questionnaire as "Confidential Business Information" to the extent that the 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 in this questionnaire except as provided for in section 6 of the questionnaire. Information received in response to this questionnaire will be aggregated with information from other questionnaire responses and will not be published in a way that would reveal the operations of your firm.

Section 4 of the questionnaire: Section 4 of the questionnaire (Recommendations Relating to Permanent Duty Suspensions and Reductions) requests certain information that the AMCA requires the Commission to solicit and append to its report. As the Commission intends to include such information in the report that it sends to the Committees and releases to the public, please do not include information in your response to section 4 of the questionnaire that you consider to be Confidential Business Information.

Section 6 states:

The undersigned certifies that the information supplied herein in response to this questionnaire is complete and correct to the best of his/her knowledge and belief and understands that the information submitted is subject to audit and verification by the Commission.

Section 332(g) of the Tariff Act of 1930 (19 U.S.C. § 1332(g)) provides that the Commission may not release information which it considers to be Confidential Business Information unless the party submitting such information had notice, at the time of submission, that such information would be released by the Commission, or such party subsequently consents to the release of the information. The undersigned acknowledges that all information, including Confidential Business Information, submitted in this questionnaire response and throughout this investigation 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 for cybersecurity purposes. The undersigned understands that all contract personnel will sign appropriate nondisclosure agreements. With the exception of information that you provide in section 4 of this questionnaire or in a statement submitted for the public record (separate from the questionnaire) as described in section 5 of this questionnaire, the Commission will not otherwise disclose information that you submit in a manner that would reveal the operations of the firm supplying the information except as may be required by law. The information that you provide may be aggregated with information from other questionnaire responses and published in aggregated form, but it will not be published in a manner that would reveal the operations of your organization.

11. Sensitive information

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

To address any concerns about Confidential Business Information, the Commission has designated the information provided in response to the questionnaire as "Confidential Business Information" to the extent that it would reveal the operations of the organization and is not otherwise available to the public. The Commission will not disclose such Confidential Business Information except as provided for in section 6. Information received in the response to the questionnaire will be aggregated with information from other questionnaire responses and will not be published in a way that would reveal the operations of a particular firm. The Commission has specifically instructed firms not to provide Confidential Business Information in response to section 4 of the questionnaire as these responses may be included in the public report.

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.)	400
Frequency of response:	(No.)	1
Annual burden per respondent:	(hours)	4
Total burden:	(hours)	1,600

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 questionnaire. It is estimated that the burden is approximately 4 hours on average, 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 2 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:

$$\text{Cost} = 1,600 \text{ hours} \times \$57.69^* \text{ per hour} = \$92,304$$

*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 \$95,304 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*	= \$92,304
Operational costs**	= <u>\$3,000</u>
Total cost	= \$95,304

*The hourly figure was approximated by dividing the Commission's average salary level (\$120,000) by the number of work hours per year (2,080), which is equivalent to an average cost of \$57.69 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 1,600 personnel hours (40 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. industries impacted by duty suspensions and reductions under the MTB Act of 2018. The burden on firms increased because Section 4 of the AMCA requires the Commission to provide a report on this topic. Such data are not publicly available. This is a one-time collection for such data.

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 (with the exception of data provided in section 4 of the questionnaire), and prepared for publication. The questionnaire is scheduled to be mailed on or before January 16, 2019. The respondents are requested to respond by February 13, 2019. The report, incorporating questionnaire information, will be transmitted to the Committees on or before Friday, September 13, 2019.

17. Non-display of expiration date

Not applicable, the expiration date appears on page 2 of the PDF version and will be on the first page of the web version of the Commission questionnaire.

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

Not applicable.