

SUPPORTING STATEMENT  
UNITED STATES INTERNATIONAL TRADE COMMISSION QUESTIONNAIRE

Investigation No. 332-588

*Foreign Trade Zones (FTZs): Effects of FTZ Policies and Practices on U.S. Firms Operating in U.S. FTZs and Under Similar Programs in Canada and Mexico*

Part B-Collection of Information Employing Statistical Methods

**1. Response universe, sample sources, and sampling strata**

**Objectives**

In a letter dated December 14, 2021, the United States Trade Representative (USTR) directed the Commission to conduct an investigation and provide a report that contains detailed data and other information on firms operating in Foreign Trade Zones (FTZs) in the United States, and FTZ-type programs in Canada, and Mexico. USTR specified that the Commission's report be based on a review of available data, that may also include a survey of U.S. firms participating in FTZs.

**Respondent universe**

The respondent universe is U.S. firms granted production authority in U.S. FTZs and that have exercised that authority since January 1, 2016. The USITC has identified roughly 400 U.S. firms that have been granted authority to operate in U.S. FTZs, all of which will receive a questionnaire. The statistical unit is the firm rather than the establishment or individual foreign trade zone. For example, a single firm may operate in more than one zone.

The potential respondent universe represents the sum of businesses, net of duplicative records, identified on the ITA website, *Federal Register* notices for firms granted production authority in U.S. FTZs in 2021, and annual FTZ board reports for 2016-2020.

**Design**

A link to the online questionnaire will be emailed to the entire population. The questionnaire has been designed to be as clear and succinct as possible to gather the specific material requested by USTR. Only one census has been conducted previously by the Commission, which yielded a response rate of 65 percent. Staff will make efforts to contact nonresponding firms by sending reminder emails and calling individual firms to maximize response rates. For a response rate of less than 90%, firms will be categorized based on known population characteristics like industry, location, and other metrics available for all firms in the population. Firms will be stratified, and standard nonresponse adjustment will be applied to each stratum.

**2. Collection of information employing statistical methods**

**a. Statistical methodology for stratification**

All firms in the population will receive a questionnaire and therefore no sampling procedures were required. As noted above, some stratification will be conducted for non-response adjustment with the goal of developing a set of strata that minimizes the variance of responses (such as industry group or location) within each stratum.

#### **b. Estimation Procedure**

Estimates will be based on weighted data, however each responding firm will initially be assigned a weight of 1 since we are collecting from the entire population. The weighting procedure will incorporate a nonresponse adjustment factor after the data collection period has closed.

- *Nonresponse adjustment:* The nonresponse adjustment factor is designed to attenuate bias due to differential response rates. This adjustment will be calculated using business characteristics, if warranted. See the section below on accuracy and reliability of information collected for further discussion.

#### **c. Unusual problems requiring specialized sampling procedures**

No unusual problems were encountered.

#### **d. Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

This data collection is currently only intended to occur once, and therefore will not be repeated on a periodic basis. As such, the total recurring annual cost burden is zero.

### **3. Methods to maximize response rates and deal with non-response**

#### **a. Maximizing response rates**

Commission staff will employ several techniques to increase the response rates of questionnaire recipient businesses. Recipients will receive separate notices that (1) notify them that their business was selected for the survey, (2) direct them to complete the survey, and (3) remind them, if necessary, to complete the survey before the deadline. Once the submission deadline has passed, businesses that still have not responded will receive an additional reminder. Each of these communications will include a phone number and email address for the investigative team where businesses can receive help with filling out the questionnaire or have their questions regarding the survey and/or study answered. Commission staff may also contact businesses directly, via phone or email, to urge them to complete the survey and to answer any questions they may have regarding this information collection or study, in general. Commission staff may also contact businesses, via phone or email, to correct information or fill in incomplete responses, or solicit additional information about a response. The burden associated with follow up calls or emails is included in the total response burden amount.

In addition to pre-contact and follow-up, the questionnaire itself has been designed to be as clear and succinct as possible to gather the specific material requested by USTR. (See discussion of testing below.) This clarity and brevity should reduce burden and improve response rates. The questionnaire will clearly point out that businesses are obligated by law to respond. Finally, the ability to access, fill out, and submit the survey electronically may also increase response rates.

## **b. Accuracy and reliability of information collected**

The response rate in the only other census the Commission has conducted was 65 percent. The Commission will examine questionnaire responses to detect and correct for any non-response bias. The team will first examine conditional response rates for groups of businesses based on characteristics available in the population that are hypothesized to impact outcomes of interest. These may include variables such as industry, location, last year producing in an FTZ, and production size categorized by value of shipments. Any differences in response rates can be further investigated through logistic regression analysis, using business characteristics to predict whether a recipient responded to the questionnaire. If the results of the logistic regression indicate that one or more of the characteristics investigated above affects the propensity of a questionnaire recipient to respond, then those characteristics will be examined to determine whether they are associated with differences in the outcome variables under study, across the dataset of questionnaire responses collected. If any sources of non-response bias are found, they can be controlled for by the development of weights, which can then be used in the extrapolation of results to the entire population.

The Commission expects that data acquired through the survey can be measured both accurately and reliably.

## **4. Tests of procedures or methods to minimize burden or improve utility**

The Commission sought comments on the questionnaire from industry representatives and associations through two phases of testing. The first set of testers provided feedback in areas such as availability of data, reporting burden, product coverage and definitions, clarity of instructions, disclosure, and reporting format. The second set of testers provided feedback on specific questions for understandability and feasibility of providing the data requested. See part A for the comments testers made, and the subsequent changes made to the questionnaire.

In addition to testing, the questionnaire has been made available for public comment. Notice of the draft questionnaire was published in the *Federal Register*. It has also been extensively reviewed within the Commission. Industry analysts and economists have reviewed the questionnaire to ensure it requests information needed to adequately answer questions posed in the study while imposing a minimum burden on the responding businesses.

## **5. Contact information**

Collection and analysis of the data will be the responsibility of the Office of Analysis and Research Services, the Office of Economics, and the Office of Industries within the Commission. The project leaders for this investigation are Ann Marie Carton, Fernando Gracia, and Lin Jones. The survey team can be reached by email at [FTZ.investigation@usitc.gov](mailto:FTZ.investigation@usitc.gov). If you prefer to contact them by phone, please call 202-205-2781.