

Statement of
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Committee on Appropriations
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Chairman Moran, Ranking Member Shaheen, and Members of the Subcommittee, thank you for the opportunity to speak to you today about the role the International Trade Administration (ITA) in the Department of Commerce plays in helping the American economy grow through free, fair, and reciprocal trade and investment. ITA, with its trade professionals in Washington, across the United States and around the world, is responsible for strengthening the competitiveness of U.S. industry in the global marketplace, promoting U.S. exports, increasing investment in America, monitoring compliance with U.S. trade agreements, and enforcing U.S. trade laws.

I'd like to thank the Committee for its support of ITA's efforts to combat unfair trade, including our efforts to assist domestic industries by self-initiating antidumping and countervailing duty investigations. We are mindful of the Committee's FY2019 mark, and we look forward to providing any information you need as you finalize the FY2019 appropriations.

ITA's unique expertise serves a critical role in shaping and carrying out the Administration's trade initiatives. Our analytical tools and sectoral intelligence

help enable Administration leadership and colleagues across the U.S. government to make informed decisions on complex trade issues – for example, on trade actions and the negotiation of free trade agreements – based on concrete trade and industry data. We do this by:

- modeling the economic impact of policy options to ensure that decisions advance the growth of U.S. companies and help American workers;
- enforcing U.S. trade laws to level the playing field for U.S. companies;
- providing the perspective of industries and trade analytics to trade negotiators;
- eliminating trade barriers;
- and
- advocating for U.S. businesses abroad.

In short, we help shape U.S. trade policy to support America’s industrial base.

Analysis and Sectoral Expertise

I lead ITA’s Industry and Analysis unit. The increasing pace of trade policy activities will significantly increase demand in FY2019 for ITA’s analytic and sectoral expertise, which is housed in Industry and Analysis. Our specialized knowledge in these areas has allowed us to provide critical analysis that the Administration requires to develop policies and to respond promptly to challenges impacting U.S. industry and our national and economic security. Some recent examples of our work include ITA’s development of Section 232 tariff scenarios, Section 301 tariff analysis, and Section 201 safeguard analyses. In all these cases, ITA’s work has been critical to developing U.S. actions that are informed by the best economic analysis available.

ITA has a comprehensive ability to analyze and quantify both sectoral and global industry effects. ITA's sector experience and economic modeling capabilities have been built over the course of decades. We have industry experts with hundreds of years of combined experience gained from helping shape U.S. policy in specific sectors, including autos, advanced manufacturing, semiconductors, digital trade, travel and tourism, and textiles. Complementing this sectoral strength is our international economics capacity. With funding provided by Congress, the Department has invested over one million dollars in complex, economy-wide modeling programs that allow ITA to simulate the impact of different policy options. We have also made significant investments in training our economists, as three to five years of training are required to become proficient in using the models. We are reprioritizing within existing resources to meet new demands for sectoral and economic analysis and to meet new workload.

Section 232 Exclusion Process

ITA has undertaken a significant role in the Section 232-exclusion process for steel and aluminum products. Because of ITA's particular expertise in steel and aluminum, we are providing technical analyses and personnel support to the Bureau of Industry and Security (BIS) for product exclusion requests. To address the surge of product exclusion requests, ITA has redeployed staff (65 staff initially) and hired contractors (41 to date, some replacing detailed staff) to assist with the timely evaluation of the tens of thousands of requests. During FY2018, we have been able to work with BIS to process exclusion requests without jeopardizing our ability to vigorously enforce the antidumping and countervailing duty (AD/CVD) laws and conduct other critical programs that benefit U.S. industries and workers. ITA will continue to prioritize this work in FY 2019. Commerce's FY2019 Budget

requested 7 positions and \$1.2M for Section 232 in the regular FY2019 appropriations process. These 7 positions were to focus on bringing additional steel and aluminum industry and product expertise to help administer the program.

CFIUS Expansion

The Committee on Foreign Investment in the United States (CFIUS) is an interagency committee that conducts national security reviews of foreign investments in U.S. business. The ITA and BIS play important roles in Commerce's review for CFIUS. The National Defense Authorization Act also enacted the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), which updates and modernizes CFIUS's authority by expanding the scope of transactions that the committee may review to assess any national security concerns.

CFIUS transactions touch on virtually every sector of the economy. Through ITA's Industry and Analysis unit, which leads and coordinates the Department's CFIUS work, the Department of Commerce brings significant and varied expertise to bear on CFIUS national security reviews, including ITA's analysis of the market conditions underlying each transaction and its potential impact on U.S. commerce, and BIS's expertise on dual use and emerging technologies and the defense industrial base.

CFIUS is currently reviewing a record number of transactions. CFIUS cases alone totaled 238 in 2017, up from a 5-year high of 173 in 2016. In 2018, CFIUS cases are on track to reach approximately 240 cases. FIRRMA modernizes CFIUS's authority by expanding the scope of transactions that the committee may review to assess any national security concerns. And consequently, we expect CFIUS

casework will continue to increase. Commerce's FY2019 Budget requests \$1.9 million and 7 positions within Industry and Analysis to strengthen trade enforcement and analysis, including CFIUS.

Conclusion

In closing, ITA is called upon to analyze the economic impacts of international trade policies because of our expertise in international economics, industry sectors, foreign markets, trade negotiations, export promotion, and global competitiveness. This requires:

- robust economic analysis and careful evaluation of trade policy options;
- coordination with other government agencies, as well as diplomacy with our trading partners;
- creative thinking and problem solving; and
- capacity to respond to emerging initiatives with staff and budget.

Thank you, again, for this opportunity to testify. I look forward to answering your questions.