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U.S. Government Agencies Involved in Export Promotion: Overview and Issues for Congress

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Summary

This report provides an overview of the federal government agencies that participate in U.S. export promotion efforts and the issues that they raise for Congress. The recent global economic downturn has renewed congressional debate over the role of the federal government in promoting exports. This debate has been heightened with the Obama Administration's introduction of the National Export Initiative (NEI) in the 2010 State of the Union Address. Some Members of Congress have placed greater priority on understanding the coordination, budgets, and functions of federal agencies involved in export promotion. Such an understanding may support increased congressional oversight of export promotion policy and related legislative activity.

Coordination of export promotion activities is conducted through interagency bodies. In 1992, Congress attempted to enhance coordination of U.S. export promotion policy by creating the Trade Promotion Coordinating Committee (TPCC), an interagency task force chaired by the Department of Commerce. The TPCC releases the *National Export Strategy* (NES), an annual report that serves as an effort to guide federal export promotion policy, goals, and activity. Executive Order 13534, issued in March 2010, formalized the NEI and established the Export Promotion Cabinet (EPC), a higher level coordinating body that is to work with the TPCC to make the NEI operational.

Approximately 20 federal government agencies are involved in supporting U.S. exports directly or indirectly. The TPCC has identified nine of these agencies currently as having budgets for programs or activities directly related to export promotion. They are the Department of Agriculture (USDA), Department of Commerce, Export-Import Bank (Ex-Im Bank), Overseas Private Investment Corporation (OPIC), Small Business Administration (SBA), Department of State, Trade and Development Agency (TDA), Office of the U.S. Trade Representative (USTR), and Department of the Treasury. The USDA has the largest level of export promotion funding, followed by Commerce. Some agencies charge fees for their services.

Federal government agencies perform a wide variety of functions that contribute to export promotion, including providing information, counseling, and export assistance services; funding feasibility studies; financing and insuring U.S. trade; conducting government-to-government advocacy; and negotiating new trade agreements and enforcing existing ones.

The export promotion activities of federal government agencies raise a number of issues for Congress; among the most prominent are the following:

- The economic arguments for and against the involvement of the U.S. government in promoting exports in the context of issues such as market failures and foreign governments' support for their national exports;
- The effectiveness of interagency export promotion coordination through the TPCC and the EPC;
- The level of U.S. government spending on export promotion; its adequacy and efficiency of use; and
- The extent to which the export promotion activities conducted by federal government agencies may be similar or overlapping, and could be reorganized.

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Introduction

In times of economic crisis, including the most recent global economic downturn that began in 2007, Congress often has debated on how best to promote U.S. commercial exports as a policy tool for economic growth and job creation. Congressional interest in U.S. export promotion policy has risen with President Obama's announcement of a National Export Initiative (NEI) in his 2010 State of the Union Address. The NEI is a strategy for doubling U.S. exports over the next five years in order to help generate 2 million new jobs in the United States through increased coordination and funding of federal export promotion activities; greater financing for U.S. exporters; increased government advocacy on behalf of U.S. exporters; and negotiation of new trade agreements and stronger enforcement of existing U.S. trade agreements.[1]

With the increased focus on export promotion efforts, some Members of Congress have placed greater priority on understanding the coordination, budgets, and functions of federal government agencies involved in export promotion. Such an understanding may support increased congressional oversight of U.S. export promotion policy and related legislative activity. It also may assist Members of Congress in supporting the efforts of their constituents to learn about federal export promotion services and to become involved in exporting.

This report provides an overview of the federal agencies that participate in U.S. export promotion efforts and the issues that they raise for Congress. It proceeds first by discussing the coordination, budgets, and functions of federal government agencies involved in promoting exports. Second, the report provides an overview of the missions and activities of key federal government agencies that support exports. The third section of the report discusses agency-related issues for Congress. The report concludes with a summary of legislation introduced in the 112th Congress related to export promotion.

While this report focuses on the role of the federal government in promoting exports, it is important to acknowledge that state and local governments, as well as businesses, have an important role in promoting exports.

Coordination of Export Promotion Activities

Trade Promotion Coordinating Committee

The Trade Promotion Coordinating Committee (TPCC) is an interagency committee whose objective is to coordinate and set priorities for federal agencies involved in export promotion and to propose a unified export promotion budget to the President. Title II of the Export Enhancement Act of 1992 (P.L. 102-429), which added Sections 2312 and 2313 to the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418), established the TPCC. Congress enacted the 1992 act in an attempt to rectify some of the perceived shortfalls in the U.S. export promotion regime,

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[1] For additional information on federal efforts to promote exports through the NEI and other mechanisms, see CRS Report R41929, *Boosting U.S. Exports: Selected Issues for Congress*, by Shayerah Ilias et al.

including concerns that existing export promotion programs lacked coordination and an overall strategy.[2]

The TPCC is comprised of 20 member agencies, 9 of which are key federal government agencies involved in export promotion. The key agencies are the U.S. Department of Agriculture (USDA), U.S. Department of Commerce, Export-Import Bank of the United States (Ex-Im Bank), Overseas Private Investment Corporation (OPIC), U.S. Trade and Development Agency (TDA), Small Business Administration (SBA), U.S. Department of State, Office of the U.S. Trade Representative (USTR), and U.S. Department of the Treasury. The Secretary of Commerce chairs the TPCC.

Since 1993, the TPCC has issued an annual report entitled the *National Export Strategy* (NES), which lists U.S. trade promotion priorities and provides estimates of spending levels for trade promotion by agency and function. In general, U.S. commercial export promotion activities are guided by the NES. The latest report outlined five major focus areas, based on the NEI: (1) increasing federal government coordination with state-level export promotion programs and non-profit associations, including through the federal government web portal http://www.export.gov; (2) identifying and encouraging exports by U.S. companies selling technology in high-growth sectors; (3) increasing the federal budget for trade promotion infrastructure, focusing on USDA's Foreign Agricultural Service (FAS), the Department of Commerce's International Trade Administration (ITA), and Ex-Im Bank; (4) ensuring better data and measurement of the U.S. services economy; and (5) resolving outstanding issues in and seeking congressional approval of the then-pending free trade agreements (FTAs) with Korea, Colombia, and Panama.[3]

President's Export Promotion Cabinet

The National Export Initiative, announced by President Obama in the 2010 State of the Union address, introduced a new level of coordination to federal export promotion activities. Executive Order (E.O.) 13534, which was issued on March 11, 2010, formalized the NEI and, among other provisions, instructs the U.S. government to enhance and organize federal efforts to promote exports through high-level coordination. E.O. 13534 created a President's Export Promotion Cabinet (EPC or the Cabinet) to ensure that export promotion is a high priority for all relevant agencies.[4] Members of the EPC include the nine key Secretaries or Directors of the export promotion agencies of the TPCC and senior White House advisors. The Cabinet is to coordinate with the TPCC in order to "operationalize" the NEI.[5]

In September 2010, the EPC released a report containing recommendations for implementing the NEI. The Cabinet, through the TPCC, identified eight priority areas: (1) exports by small and medium-sized enterprises (SMEs); (2) federal export assistance; (3) trade missions; (4) commercial advocacy; (5) increasing export credits; (6) macroeconomic rebalancing; (7) reducing

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[2] P.L. 102-429, approved October 21, 1992.

[3] Trade Promotion Coordinating Committee (TPCC), *2011 National Export Strategy: Powering the National Export Initiative*, June 2011. Congress passed and President Obama signed into law on October 21, 2011, implementing legislation for the free trade agreements (FTAs) with Korea (P.L. 112-41), Colombia (P.L. 112-42), and Panama (P.L. 112-43).

[4] "National Export Initiative," Executive Order 13534 of March 11, 2010, 75 *Federal Register* 12433, March 16, 2010.

[5] Department of Commerce, "Commerce Secretary Gary Locke Unveils Details of the National Export Initiative," press release, February 4, 2010, http://trade.gov/press/press_releases/2010/nei_020410.asp.

barriers to trade; and (8) export promotion of services. Some of these recommendations focus on improving federal services that directly support export assistance efforts. Others focus on efforts to promote exports in broader ways.[6]

The Cabinet noted that four general themes apply to all eight priority areas: (1) strengthen interagency information-sharing and coordination; (2) leverage and enhance technology to reach potential exporters and provide U.S. businesses with the tools necessary to export successfully; (3) leverage combined efforts of state and local governments and public-private partnerships; and (4) have unified goals for TPCC member agencies to support the NEI's implementation.[7]

Funding for Export Promotion Activities

The TPCC, in its *National Export Strategy* reports, provides government funding levels for activities of federal agencies deemed to constitute "trade promotion." The NES report includes all or part of the budgets of the TPCC's member agencies, but does not provide a further budgetary breakdown on the programs and activities of each agency that are dedicated to export promotion.

The TPCC does not have an independent budget, nor does it have any specific authority to direct member agencies' allocation of resources. The TPCC secretariat does not review member agency budgets in relation to the annual NES and its budgetary needs. Each federal agency has its own statutory requirements and budgets appropriated by various congressional committees. As a result, each agency submits its annual budget request separately to the President.[8]

The individual agencies and the TPCC determine which programs or activities are considered to constitute trade promotion and therefore included in the annual report of trade promotion budget authority. However, a breakdown of these activities within each agency is not listed. Instead the TPCC publishes overall trade promotion spending by agency. For example, it is unclear which units within the Department of Commerce have programs or activities the TPCC has classified as "trade promotion" in the NES.

Not all of the TPCC member agencies have budget authority for trade promotion activities.[9] Although the NES report lists 20 member agencies as part of the TPCC, 9 of these agencies had requested budgets for programs or activities directly related to trade promotion in FY2012, the latest year for which the such data were available from the TPCC (see **Table 1**).

[6] *Report to the President on the National Export Initiative: The Export Promotion Cabinet's Plan for Doubling U.S. Exports in Five Years*, Washington, D.C., September 2010, pp. 5-7.

[7] Ibid., pp. 23-24.

[8] U.S. General Accounting Office (now the U.S. General Accountability Office), *Export Promotion: Mixed Progress in Achieving a Governmentwide Strategy*, GAO-02-850, September 2002. Patrick Mendis and Leah Green, "Government-Wide Collaboration Boosts National Trade," *The Public Manager*, Spring 2010, pp. 43-47.

[9] U.S. General Accountability Office (GAO), *Export Promotion: Trade Promotion Coordinating Committee's Role Remains Limited*, GAO-06-660T, April 26, 2006.

Table 1. Trade Promotion Coordinating Committee Program Budget Authority, FY2006-FY2012

(millions of U.S. dollars)

Agency	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Request	FY12 Request
U.S. Department of Agriculture (USDA)	$819	$674	$642	$515	$674	$642	$515
Department of Commerce	352	356	339	350	356	339	350
Department of Energy (DOE)	9	---	---	---	---	---	---
Department of State	170	176	184	198	176	184	198
Department of the Treasury	3	3	3	3	3	3	3
Export-Import Bank (Ex-Im Bank)	98	38	1	3	38	1	3
Overseas Private Investment Corporation (OPIC)[a]	(161)	(192)	(165)	(170)	(192)	(165)	(170)
Small Business Administration (SBA)	4	5.2	6	6.4	5.2	6	6.4
U.S. Trade and Development Agency (TDA)	50	50	51	51	50	51	51
U.S. Trade Representative (USTR)	44	44	44	46	44	44	46
Total[b]	1,549	1,346	1,270	1,172	1,346	1,270	1,172

Source: Data from Trade Policy Coordinating Committee (TPCC).

Notes: According to the TPCC, amounts may be restated to reflect new data or definitions. Funding levels reported may include administrative expenses, transfers, or other adjustments.

a. OPIC fees result in a budget surplus.

b. Totals do not include OPIC.

Between FY2006 and FY2010, the overall trade promotion-related budget of federal agencies, as reported by the TPCC, declined by about 13%, due to lower funding levels for USDA and the Ex-Im Bank.

- USDA's budget on trade promotion declined from about $819 million in FY2006 to $674 million in FY2010. In line with this trend, the USDA's trade promotion budget requests in recent years have also decreased, to $642 million for FY2011 and $515 million for FY2012. Nevertheless, USDA remains the agency with the largest funding levels for trade promotion activity and continues to account for about half of the federal trade promotion budget.
- The Ex-Im Bank's trade promotion funding levels have decreased primarily because the agency became "self-sustaining" for appropriations purposes in

FY2008. The Ex-Im Bank funds its administrative and program costs through fee income generated from its financing programs.

After USDA, the Departments of Commerce and State have the second- and third-largest fund levels for trade promotion.

- The Department of Commerce's funding for trade promotion activities increased from $352 million in FY2006 to $356 million in FY2010. Recent trade promotion budget requests by the Department of Commerce have been lower than the FY2010 enacted amount; the FY2011 request was $339 million and the FY2012 request was $350 million.
- The Department of State's trade promotion enacted budget increased from $170 million in FY2006 to $176 million in FY2010. The requested budget for the Department of State in recent years has been higher than the FY2010 enacted amount, increasing to $184 million for FY2011 and to $198 million for FY2012.

Funding levels reported by the TPCC do not necessarily show total U.S. agency spending on export promotion activities. Thus, total budget authority for government agencies and offices may be higher than the spending levels reported in the NES. For example, the Ex-Im Bank charges fees to cover its services, and uses offsetting collections to support its activities—spending that is not necessarily reflected in the TPCC budget. Although the Ex-Im Bank's FY2011 trade promotion requested budget authority was $1 million, it authorized $33 billion in credit and insurance to finance U.S. exports in that year.

Export Promotion Services and Activities

Federal government agencies perform a wide variety of functions that contribute to export promotion. Some of these services directly assist U.S. companies to overcome information and market entry barriers related to exporting.

- **Export assistance services:** The U.S. government provides export assistance services, such as distribution of trade-related information to exporters, foreign country market research, and counseling, to both new and seasoned exporters. Key agencies that offer direct export assistance include the USDA, Department of Commerce, Department of State, and SBA.
- **Feasibility studies:** The U.S. government conducts feasibility studies, which evaluate the economic, financial, technical, and other aspects of proposed projects in foreign countries that may generate exports of U.S. goods and services. USDA and TDA both conduct such studies.
- **Export financing and insurance:** U.S. government agencies may finance and insure U.S. exports to foreign countries for a number reasons, including (1) to assume commercial and political risks that exporters or private financial institutions are unwilling or unable to undertake alone; (2) to overcome maturity and other limitations in private sector export financing; and (3) to counter officially backed export credit financing offered to foreign exporters by their governments. USDA takes the lead on agricultural export financing, while Ex-Im Bank is the lead agency for providing financing and insurance for non-agricultural exports. Export financing for small business exporters is available

from Ex-Im Bank and SBA. Related to exports also is OPIC's role in financing and insuring U.S. private investment for projects overseas. For example, OPIC-supported investment in infrastructure projects in developing and emerging markets may lead to the sale of U.S. goods and services for these projects and in these markets more broadly.

- **Government-to-government advocacy:** In many situations, U.S. companies face direct competition from foreign enterprises with access to greater foreign financing, subsidies, and other forms of support from their governments. The United States may use diplomatic tools to advocate on behalf of U.S. companies to ensure that they can compete on a level playing field with foreign competitors in export markets. Key agencies involved in such efforts are the Departments of Commerce and State and the USTR.

The federal government also promotes exports in broader ways, such as through negotiating new multilateral, regional, and bilateral free trade agreements (FTAs) and monitoring the implementation and enforcement of existing trade agreements. Such efforts work to address constraints, barriers, and unfair trade practices faced by U.S. exporters, including foreign countries' tariff and other import policies, export subsidies, inadequate protection of intellectual property rights, service barriers, investment barriers, and anti-competitive practices.[10] They also help to develop foreign markets for U.S. goods and services. The lead agency in such efforts is the USTR. Other agencies, including the Departments of Commerce and State, also play a role in FTA negotiations and enforcement. In addition, the U.S. government conducts activities that may help to promote exports indirectly. Government programs, such as OPIC, that are not charged directly with the promotion of U.S. exports may contribute to the expansion of exports through their activities.

Key U.S. Government Agencies Charged with Export Promotion

The export promotion functions of the federal government are distributed across a range of agencies. This section focuses on the nine agencies that have dedicated budgets to export promotion, as reported in the NES.

U.S. Department of Agriculture (USDA)

The USDA, through its **Foreign Agricultural Service** (FAS), carries out five programs to develop export markets for U.S. agricultural products.[11] These programs are authorized in farm bills, the most recent being the 2008 farm bill (P.L. 110-246). FAS also provides information, counseling, and assistance to potential U.S. exporters of agricultural products. In addition, USDA can guarantee the commercial bank financing of up to $5.5 billion of U.S. agricultural exports annually and can make available export subsidies for dairy products. All of USDA's export

[10] Office of the U.S. Trade Representative (USTR), *2009 National Trade Estimate Report on Foreign Trade Barriers*.

[11] For extensive detail on each of these market development program, see *FAS Administered Programs—Market Development Programs*, available at http://www.fas.usda.gov/mos/marketdev.asp.

promotion, export financing, and subsidy programs are funded through the borrowing authority of the Commodity Credit Corporation (CCC).[12]

The **Foreign Market Development Program (FMDP)** aims to develop long-term export markets for U.S. agricultural products. FMDP funds are allocated each fiscal year mainly to non-profit U.S. agricultural and trade organizations that represent an entire industry or are nationwide in membership and scope. FMDP agreements with private organizations also are sometimes approved. FMDP promotes generic U.S. commodities, rather than brand-name products. Activities financed include consumer promotions, market research, technical assistance, and trade servicing. The 2008 farm bill (P.L. 110-246) authorizes funding of $34.5 annually for each fiscal year from FY2008 through FY2012.

The **Market Access Program (MAP)** helps U.S. producers, exporters, private companies, and other trade organizations to finance promotional activities for U.S. agricultural products, both generic and branded products. Activities financed include consumer promotions, market research, technical assistance, and trade servicing. The 2008 farm bill makes organic produce eligible for the program for the first time, and funds the program at $200 million each fiscal year from FY2008 through FY2012.

Both MAP and FMDP work in partnership with the private sector. Both reimburse program participants for a portion of the cost of carrying out overseas export promotions. One estimate is that government funding accounts for 37% of export promotion under these two programs while private sector funding accounts for 63%.[13]

The **Emerging Markets Program (EMP)** funds technical assistance activities to promote exports of U.S. agricultural commodities and products to emerging markets. An emerging market is any country that "is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country," and "has the potential to provide a viable and significant market for United States commodities or products of United States agricultural commodities." Activities funded by the EMP include feasibility studies, market research, sectoral assessments, orientation visits, specialized training, and business workshops. Funding is set at $10 million each fiscal year from FY2008 through FY2012.

The **Quality Samples Program (QSP**) helps U.S. agricultural trade organizations provide small samples of their agricultural products to potential importers in emerging markets overseas. Focusing on industry and manufacturing, as opposed to end-use consumers, EMP allows manufacturers overseas to assess how U.S. food and fiber products can meet their production needs best. Funding for QSP has averaged $2 million annually in recent years.

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[12] The Commodity Credit Corporation (CCC) is a wholly owned government corporation created in 1933 to stabilize, support, and protect farm income and prices (federally chartered by the CCC Charter Act of 1948, P.L. 80-806). The CCC is essentially a financing institution for U.S. Department of Agriculture's farm price and income commodity support and agricultural export programs. It is authorized to buy, sell, lend, make payments and engage in other activities for the purpose of increasing production, stabilizing prices, assuring adequate supplies, and facilitating the efficient marketing of agricultural commodities. The export programs funded through CCC are administered by the Foreign Agricultural Service. The CCC has the authority to borrow up to $30 billion from the U.S. Treasury to carry out its obligations. Net losses from its operations subsequently are restored through the congressional appropriations process.

[13] U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS), *The Competition in 2002: U.S. and Competitor Expenditures on Export Promotion for Agricultural, Forestry, and Fishery Products*, August, 2004, viewed at http://www.fas.usda.gov/cmp/com-study/2002/2002.pdf.

The **Technical Assistance for Specialty Crops (TASC**) program is designed to assist U.S. organizations by providing funding for projects that address sanitary and phytosanitary (SPS) and technical barriers that prohibit or threaten the export of U.S. specialty crops.[14] Examples of activities TASC may cover include seminars and workshops, study tours, field surveys, pest and disease research, and pre-clearance programs. The 2008 farm bill authorized $7 million for TASC in FY2009.

Separate from these programs, FAS makes available resources, products, and services to help companies explore the potential for international sales of agricultural products.[15] FAS assists both beginning and experienced exporters, targeting especially SMEs.

USDA operates two export financing programs for U.S. agricultural exports—the **Export Credit Guarantee (GSM-102) Program and the Facilities Guarantee Program (FGP)**. GSM-102 guarantees against defaults of commercial bank financing of agricultural commodity exports. FGP provides payment guarantees to facilitate the financing of manufactured goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. FAS carries out these programs and finances them through the CCC. Both GSM-102 and the FGP are authorized in farm bills, again most recently in the 2008 farm bill. Financing of an estimated $5.5 billion of U.S. agricultural exports was guaranteed in FY2011 under GSM-102.[16] (See **Table 2**.) FAS also operates an export subsidy program, the Dairy Export Incentive Program (DEIP), which allows exporters to sell certain U.S. dairy products in foreign markets at prices lower than the exporter's costs of acquiring them.

In addition to USDA programs, U.S. agricultural exporters may receive help in financing the marketing and distribution of their products abroad through the SBA International Trade Loan Program, which provides financing for small businesses to expand their market or upgrade their facilities to improve their competitive position; the Ex-Im Bank, which operates loan, guarantee and insurance programs for exporters; and OPIC, which provides insurance for overseas investments (these agencies are described below).

[14] Specialty crops include fruit, vegetable, tree nut, and nursery crops. Sanitary and phytosanitary (SPS) measures, according to the World Trade Organization (WTO) definition, are measures "taken to protect against risks linked to food safety, animal health and plant protection or to prevent or limit damage within the territory of a Member from the entry, establishment and spread of pests." WTO, Doha Development Agenda, Trade Capacity Building Database, at http://tcbdb.wto.org/trta_subcategory.aspx?cat=33113.

[15] FAS's *Selling Products Overseas* web page has links to various kinds of assistance FAS can provide to potential exporters, at http://www.fas.usda.gov/agx/exporter_assistance.asp.

[16] USDA, Office of Budget and Program Analysis, *Budget Summary and Annual Performance Plan, FY2013*, viewed at http://www.obpa.usda.gov/.

Table 2. Funding for U.S. Department of Agriculture Market Development and Export Financing Programs, FY2006-FY2013 Program Level

(millions of U.S. dollars)

Program	FY06	FY07	FY08	FY09	FY10	FY11	FY12[a]	FY13[b]
Foreign Agricultural Service	246	268	163	170	187	192	183	183
Market Access Program (MAP)	200	200	200	200	200	200	200	200
Foreign Market Development Program (FMDP)	34	34	34	34	34	34	34	[c]
Emerging Markets Program (EMP)	10	4	10	10	9	10	10	[d]
Quality Samples	2	1	1	2	2	2	2	
Technical Assistance for Specialty Crops (TASC)	2	1	4	7	8	9	9	[e]
Export Credit Guarantee Program (GSM-102)[f]	1,363	1,445	3,115	5,357	3,090	4,123	5,500	5,400
Facilities Guarantee Program (FGP)[g]	0	0	0	0	0	0	100	100
Dairy Export Incentive Program	0	0	0	19	2	0	0	0
Total	1,857	1,953	3,527	5,799	3,532	4,560	6,037	5,883

Source: U.S. Department of Agriculture (USDA) Budget Summaries, FY2006-FY2013.

Notes: According to the USDA, program level "represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities."

a. Estimated

b. Requested

c. Subject to reauthorization

d. Subject to reauthorization

e. Subject to reauthorization

f. GSM-102 program level is the value of agricultural exports whose financing is guaranteed.

g. FGP program level of U.S. goods and services exports whose financing is guaranteed.

U.S. Department of Commerce

The Department of Commerce, through its **International Trade Administration (ITA)**, is the lead agency providing export assistance services for U.S. non-agricultural businesses. ITA resources include (1) trade specialists in over 100 U.S. Export Assistance Centers (USEACs) and approximately 150 overseas offices; (2) industry experts and market and economic analysts; (3) market access experts; and (4) import policy and trade compliance analysts. The agency is divided into four policy units and an Executive and Administrative Directorate.

The **Trade Promotion and the U.S. and Foreign Commercial Service (Commercial Service)** is the main trade promotion unit of ITA. It has trade specialists in 109 U.S. cities and in more than 75 countries who work with U.S. companies to help them get started in exporting or increasing sales in foreign markets. Its services include market research; trade events to promote U.S. products and services; introductions of qualified buyers and distributors in foreign countries to U.S. companies; and counseling and advocacy services throughout the export process.[17] The Advocacy Center of this unit serves as an advocate for U.S. companies by assisting them in pursuing foreign business opportunities and dealing with foreign governments. It also has liaisons to five Multilateral Development Banks (World Bank, Inter-American Development Bank, European Bank for Reconstruction and Development, Africa Development Bank, and Asia Development Bank) to counsel U.S. companies on working with the Banks and on procurement and contracting issues.

The **Manufacturing and Services (MAS)** unit works to strengthen the global competitiveness of U.S. industry, expand market access for U.S. businesses, and increase U.S. exports. As the research arm of ITA, the MAS undertakes industry economic and trade policy analysis, helps formulate U.S. trade policy, participates in trade negotiations, organizes trade capacity building programs, and evaluates the impact of U.S. and foreign regulations on U.S. manufacturing and service industries. The MAS works with other federal agencies, private sector partners, and Congress in developing a public policy environment to help advance the competitiveness of U.S. firms at home and abroad.

The **Market Access and Compliance (MAC)** unit monitors foreign country compliance with trade agreements with the United States, identifies compliance problems and market access obstacles, and informs U.S. firms of foreign business practices and opportunities. The MAC has country desk officers with expertise on the commercial, economic, and political climates in their assigned countries. The desk officers focus on resolving trade complaints and market access issues.

ITA has other functions, such as countering unfair foreign trade practices, in order to boost exports. The **Import Administration (IA)** unit is ITA's lead unit on enforcing trade laws and agreements. Its primary role is to enforce U.S. anti-dumping and countervailing duty laws and to

[17] See https://www.trade.gov for more information on the Trade Promotion and the U.S. and Foreign Commercial Service of the International Trade Administration (ITA).

develop and implement other policies and programs aimed at countering unfair foreign trade practices.[18]

ITA is playing a major role under the NEI's goal of boosting exports. It is increasing certain export promotion activities such as conducting trade missions, bringing foreign buyers to U.S. trade shows, and promoting foreign market access for U.S. companies. The ITA also has introduced a New Market Exporter Initiative (NMEI), which works with the ITA's Strategic Partners to identify customers who sell to at least one international market and support those customers in expanding to additional markets. ITA's Strategic Partners include FedEx, UPS, and the U.S. Postal Service. The effort focuses on U.S. SMEs that already are familiar with exporting.[19]

The Obama Administration requested an increase of 131 full time employees and $78.5 million through the end of 2014 for the NEI and proposed that the ITA support an agency-wide, comprehensive, multi-year export expansion strategy under the NEI.[20] ITA's strategy is to focus on increasing U.S. exports to major emerging markets. The strategy also includes leading more trade missions, bringing more foreign buyers to U.S. trade shows, and providing more business-to-business matchmaking services to U.S. companies. In addition ITA will continue to assist U.S. companies in creating trade opportunities by identifying foreign buyers for their exports and by identifying and overcoming foreign trade barriers. ITA works with large and small businesses to help ensure that they benefit from U.S. trade agreements.

The budget request for FY2013 for direct funding for ITA is $517 million, an increase of $57 million from the FY2012 estimated funding amount (See **Table 3**).[21] In the 2012 State of the Union Address, the President called for the creation of a new trade enforcement unit to enhance U.S. capabilities to aggressively challenge unfair trade practices around the world, particularly in China. The Administration's FY2013 request for ITA includes an increase of $24.0 million to help create a new Interagency Trade Enforcement Center (ITEC) for this purpose. In addition, the Administration is requesting an increase of $30.3 million to help promote U.S. exports by enhancing the Foreign Commercial Service's presence in high-growth markets such as China, India, and Brazil.[22]

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[18] For more information on U.S. anti-dumping and countervailing duty laws, see CRS Report RL32371, *Trade Remedies: A Primer*, by Vivian C. Jones.

[19] Department of Commerce, ITA, "New Market Exporter Initiative," available at http://trade.gov/nei/new-market-exporter-initiative.asp.

[20] ITA, *FY2012 Budget in Brief,* available at http://www.osec.doc.gov.

[21] Executive Office of the President, Budget of the United States Government, Fiscal Year 2013.

[22] ITA, *Budget Estimates Fiscal Year 2013 Congressional Submission*.

Table 3. Funding Levels for the International Trade Administration: FY2002-FY2011 and Request for FY2012

(millions of U.S. dollars)

ITA Unit	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Enacted	FY13 Request
U.S. Commercial Service	$236	$235	$242	$243	$263	$260	$270	$307
Manufacturing and Services (MAS)	49	48	42	49	50	49	47	45
Import Administration (IA)	60	61	64	67	70	68	69	92
Market Access and Compliance (MAC)	45	44	46	45	47	49	47	48
Administration and Executive Direction	26	26	26	25	27	28	27	25
Direct Program	**416**	**414**	**420**	**429**	**457**	**454**	**460**	**517**
Reimbursable Program	14	14	17	17	20	23	23	22
Total Obligations	**430**	**428**	**437**	**446**	**477**	**477**	**483**	**539**

Sources: Executive Office of the President, *Budget of the United States Government*, Fiscal Years 2008, 2009, 2010, 2011, 2012, and 2013.

Notes: Not all International Trade Administration (ITA) units have a direct role in export promotion activities.

Export-Import Bank of the United States (the Ex-Im Bank)

The Ex-Im Bank is the official export credit agency (ECA) of the U.S. government. It maintains finance and insurance programs to facilitate U.S. exports to developing and emerging economies, especially in circumstances when alternative financing is not available, to contribute to U.S. employment. Some Ex-Im Bank programs are used to counter officially-backed export credit financing offered by other countries. Its main programs are direct loans, export credit guarantees, working capital guarantees, and export credit insurance, and are backed by the full faith and credit of the U.S. government. The Ex-Im Bank participates in the regional network of USEACs. The Bank operates under a renewable charter, the *Export-Import Bank Act of 1945*, as amended.[23] Congress has authorized the Ex-Im Bank through May 31, 2012 (P.L. 112-74). The Ex-Im Bank charges fees for its services and collects interest on its loans. It is a "self-sustaining institution,"

[23] For more information on the Export-Import Bank (Ex-Im Bank), see CRS Report R42472, *Export-Import Bank: Background and Legislative Issues*, by Shayerah Ilias.

using offsetting collections to cover its operations.[24] As part of the annual appropriations process, Congress sets an upper limit on the level of the Bank's financial activities (see **Table 4**).

Though the Ex-Im Bank's export promotion budget level reported by the TPCC is small compared to the other federal agencies, the Ex-Im Bank is considered by many to have a key role in federal export promotion efforts. In FY2011, the Ex-Im Bank approved 3,751 transactions of credit and insurance support, which amounted to about $33 billion in authorizations—the third consecutive year of record high levels of authorizations for the Bank. The Ex-Im Bank estimated that credit and insurance activities supported about $41 billion in U.S. exports of goods and services in FY2011, up from an estimated $34 billion worth of exports in FY2010. The Ex-Im Bank also estimated that the exports supported by its financing were associated with 290,000 U.S. jobs in FY2011, up from 227,000 U.S. jobs in FY2010. While the Ex-Im Bank finances less than 5% of U.S. exports annually, a significant portion of Ex-Im Bank financing is for exports of capital-intensive U.S. goods.

Table 4. Budget of the Export-Import Bank, FY2006-FY2012 and Request for FY2013

(millions of U.S. dollars)

	FY06	FY07	FY08	FY09	FY10	FY11	FY12 Est.	FY13 Req.
Inspector General amount	1	1	1	1	2.5	2.5	5	4.4
Subsidy amount	100	NA	68	41	58	58	58	38
Administrative expenses	73	NA	78	82	84	84	90	104

Sources: Executive Office of the President, *Budget of the United States Government*, various years.

Note: Subsidy refers to program activities (the cost of direct loans, loan guarantees, insurance, and tied aid) conducted by the Export-Import Bank (Ex-Im Bank).

Ex-Im Bank programs must comply with certain congressional directives. The Bank's charter requires it to make available not less than 20% of its aggregate loan, guarantee, and insurance authority to finance exports directly by small business. The charter also requires the Bank to promote the export of goods and services related to renewable energy sources. In recent years, appropriations language further has specified the Bank should make available not less than 10% of its aggregate credit and insurance authority for the financing of exports of renewable energy technologies or energy efficient end-use technologies. In FY2011, the Ex-Im Bank continued to provide enhanced levels of support to small business exporters and exporters of renewable energy exporters (see **Table 5**). The Ex-Im Bank also continued to engage in outreach to and advocacy for small businesses, including through its regional offices.

[24] Ex-Im Bank, *Annual Report 2010*.

Table 5. Export-Import Bank's Credit and Insurance Authorizations, FY2009-FY2011

(millions of U.S. Dollars)

Program	Number of Authorizations			Amount Authorized		
	2009	2010	2011	2009	2010	2011
Total Financing						
Loans	16	15	18	$3,033	$4,261	$6,323
Loan Guarantees	619	719	784	$11,475	$13,106	$19,400
Medium- and Long-Term	146	162	178	$9,943	$10,927	$16,172
Working Capital	473	557	606	$1,531	$2,179	$3,228
Insurance	2,256	2,798	2,949	$11,474	$7,101	$7,004
Total Authorizations	**2,891**	**3,532**	**3,751**	**$21,021**	**$24,468**	**$32,727**
Selected Types of Financing						
Exports by Small Business	2,540	3,091	3,247	$4,360	$5,053	$6,037
Percent of Total	87.9%	87.5%	86.6%	20.7%	20.7%	18.4%
Environmentally Beneficial Exports	88	108	142	$394	$536	$890
Percent of Total	3.0%	3.1%	3.8%	1.9%	2.2%	2.7%
Renewable Energy Exports	13	27	45	$93	$332	$721
Percent of Total	0.4%	0.8%	1.2%	0.4%	1.4%	2.2%
Exports to Sub-Saharan Africa	109	129	170	$412	$813	$1,381
Percent of Total	3.8%	3.7%	4.5%	2.0%	3.3%	4.2%

Source: Ex-Im Bank Annual Reports data adapted by CRS.

Note: The Ex-Im Bank distinguishes between financing for "environmentally beneficial" and "renewable energy" exports.

Ex-Im Bank financing support also must meet several other statutory and policy criteria.[25] Congress requires that Ex-Im Bank projects have no adverse effect on U.S. industry. Chiefly, the Ex-Im Bank may not support projects that enable foreign production of an exportable good that would compete with U.S. production of a same, or similar, good and that would cause "substantial injury" to U.S. producers. The Ex-Im Bank also may not support projects that result in the foreign production of a good that is substantially the same as a good subject to specified U.S. trade measures, such as anti-dumping or countervailing duty investigations. In addition, the Bank places certain limits on the maximum amount of foreign content that can be included in the transactions it supports. The Ex-Im Bank is permitted to deny applications for credit for non-financial or non-commercial considerations only in situations where the President, after consultation with relevant congressional committees, determines that such action would be in the national interest and would advance U.S. policy in areas such as international terrorism, nuclear

[25] Additional information about Ex-Im Bank's policies are available at http://www.exim.gov/products/policies/index.cfm.

proliferation, environmental protection, and human rights. The power to make such a determination has been delegated to the Secretary of State.[26]

Overseas Private Investment Corporation (OPIC)

OPIC seeks to promote economic growth in developing and emerging economies by providing investment insurance, project financing, and other services for U.S. businesses in those countries, in support of U.S. foreign policy goals. OPIC's programs are intended to promote U.S. private investment by mitigating risks, such as political risks (including currency inconvertibility, expropriation, political violence, and terrorism), for U.S. firms making qualified investment overseas. OPIC conducts its activities on a self-sustaining basis to mobilize and facilitate private capital investment in developing countries.[27] OPIC operates in about 150 developing countries and emerging markets.[28] OPIC's governing legislation is the Foreign Assistance Act of 1961 (P.L. 87-195), as amended. Congress has authorized OPIC through FY2012 (P.L. 112-74).

For FY2012, Congress authorized $54.99 million for OPIC's administrative expenses (up from $52.31 million in FY2011) and a transfer of $25 million from OPIC's noncredit account to conduct its credit and administrative programs (up from $18.115 million in FY2011). For FY2013, the Administration requested $60.78 million for OPIC's administrative expenses and a transfer of $31 million from OPIC's noncredit account to conduct its credit and administrative programs.

Since its inception, OPIC has funded, guaranteed, or insured nearly $200 billion in investments. By OPIC's estimates, its activities have helped to generate $74 billion in U.S. exports and to support more than 275,000 American jobs. In FY2011, OPIC provided $3.2 billion for 92 transactions in new market-based financing and political risk insurance to U.S. businesses.[29] OPIC reported that about $1 billion of its project commitments in that year involved U.S. small businesses. In addition, in FY2011, OPIC provided $1.1 billion in financing and insurance for projects in the renewable energy sector.[30]

OPIC has general statutory requirements that govern its support for international investment projects. Under the Foreign Assistance Act of 1961, as amended, OPIC is required to ensure that its projects contribute to the economic and social development of a country and also do not have an adverse effect on the U.S. economy or U.S. employment.[31] OPIC-supported projects can be implemented only in countries that currently have, or are taking steps to adopt and implement, laws that uphold internationally recognized worker rights.[32] The act includes a national economic interest waiver on the worker rights provision, which states that OPIC shall not be prohibited "from providing any insurance, reinsurance, guaranty, or financing with respect to a country if the

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[26] U.S. Code Title 12, Chapter 6a, Section 635(b)(1)(B)(ii).

[27] For more information on the Overseas Private Investment Corporation (OPIC), see CRS Report 98-567, *The Overseas Private Investment Corporation: Background and Legislative Issues*, by Shayerah Ilias.

[28] OPIC website, http://www.opic.gov. OPIC, *OPIC 2010 Annual Report*.

[29] Ibid.

[30] OPIC, "OPIC Records Net Income of $269 Million in FY2011, Helping to Reduce U.S. Budget Deficit for 34th Consecutive Year," press release, January 3, 2012, http://www.opic.gov/news/press-releases/2009/pr010312. Exposure information not reported. To date, OPIC's FY2011 annual policy report has not been published.

[31] Sec. 231(1) and Sec. 231(3)(e)(2)(k), et seq. of the *Foreign Assistance Act of 1961* (P.L. 97-195), as amended.

[32] Sec. 231A(1) of the *Foreign Assistance Act of 1961* (P.L. 97-195), as amended.

President determines that such activities by OPIC would be in the national economic interests of the United States. Any such determination shall be reported in writing to the Congress, together with the reasons for the determination."[33] OPIC further takes into account developmental, environmental, health, safety, human rights, and other considerations when screening projects.[34]

Small Business Administration (SBA)[35]

SBA provides export financing and promotion services to small businesses. SBA's **Office of International Trade (OIT)** assists with four stages of export promotion: (1) identifying small businesses interested in export promotion; (2) preparing small businesses to export successfully; (3) connecting small businesses to export opportunities; and (4) supporting small businesses once they find export opportunities. SBA also participates in the regional network of USEACs. In FY2011, the OIT assisted 1,346 small business exporters to access capital through its export loan programs in the amount of $924 million through 387 lenders, which supported $1.8 billion export sales, according to SBA.[36] The FY2012 enacted budget for SBA was $919.8 million, and the Administration requested $1,115.4 million for FY2013.

U.S. Department of State[37]

The State Department promotes exports through U.S. embassies abroad that collect and disseminate trade and economic data, identify trade opportunities, brief U.S. businesses, provide advocacy on behalf of U.S. firms, and participate in trade negotiations and monitoring of trade agreements. The **Bureau of Economic and Business Affairs (EB)** plays a key role in the State Department's export promotion activities.

EB's **Trade and Policy Programs (TPP)** section participates in formulating U.S. trade policy and negotiating positions under the coordination of the USTR to ensure that U.S. foreign policy goals are considered in trade policy formulation. It also promotes the use and understanding of agricultural biotechnology overseas, and works to maintain open markets for U.S. biotechnology products. In addition, TPP's Intellectual Property Enforcement Office promotes intellectual property rights protection worldwide, in coordination with other U.S. agencies such as USTR and the U.S. Patent and Trademark Office (USPTO). The unit also works to ensure that foreign governments comply with their trade commitments, sometimes through foreign missions.

Commercial and Business Affairs (CBA), another section of EB, provides support to U.S. embassies assisting U.S. business operating abroad. Such assistance includes help with resolving regulatory and investment problems, ensuring U.S. firms are afforded equal opportunity, and providing market analysis and commercial information to maximize U.S. commercial

[33] Sec. 231A(3) of the *Foreign Assistance Act of 1961* (P.L. 97-195), as amended.

[34] OPIC, *OPIC Annual Policy Report*, Fiscal Year 2008, March 2008.

[35] For more information about the Small Business Administration (SBA), see CRS Report RL33243, *Small Business Administration: A Primer on Programs*, by Robert Jay Dilger.

[36] SBA, *FY2013 Congressional Budget Justification and FY2011 Annual Performance Report*, p. 60, http://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR%281%29.pdf.

[37] This section draws on language written by Ian F. Fergusson.

opportunities. For countries without Commercial Service officers, CBA uses the Business Facilitation Incentive Fund to engage in trade promotion activities.

U.S. Embassies and Consulates advocate for U.S. businesses overseas. Embassies can provide U.S. exporters with country-specific market information, assist in commercial and investment disputes, and provide expertise on foreign judicial systems.[38]

U.S. Trade and Development Agency (TDA)

The U.S. Trade and Development Agency (TDA) is a foreign assistance agency that operates under a dual mission of promoting economic development and U.S. commercial interests in developing and middle-income countries. It was spun out of the U.S. Agency for International Development (AID) in the 1980s as a tool for achieving a commercial return on U.S. foreign assistance. TDA links U.S. businesses to export opportunities by funding feasibility studies, reverse trade missions, technical assistance, and other activities while creating sustainable infrastructure and economic growth in partner countries.[39] TDA provides grants to overseas project sponsors (both public and private sector grantees) who select U.S. companies (primarily small- and medium-sized businesses) to conduct TDA-funded projects to help them make informed investment decisions. For FY2012, Congress appropriated $50.0 million for TDA, and for FY2013, the Administration requested $57.6 million for TDA.

TDA-funded projects may help open markets for increased U.S. exports by positioning U.S. companies to compete successfully as suppliers of goods and services for follow-on projects. For instance, feasibility studies provide analysis, evaluation, and empirical data to assist major overseas infrastructure investments in securing financing and implementation. These infrastructure investments may present opportunities for U.S. exports of goods and services. TDA reports, for example, that a TDA-funded feasibility study led to a Colombia refinery receiving approval in 2011 of a $2.8 billion loan/loan guarantee from Ex-Im Bank, to finance the purchase of equipment and services from U.S. engineering/design, equipment supply, contracting, and process license firms.[40]

In FY2011, TDA provided $41.1 million in funding for projects. Feasibility studies (which evaluate the economic, financial, technical and other aspects of proposed projects in foreign countries that may generate U.S. exports) represented 42% ($17.3 million) of TDA FY2011 obligations. Technical assistance (which supports legal and regulatory reform in partner countries) constituted nearly one-third ($11.3 million) of obligations. Reverse trade missions (which provide opportunities for foreign delegates to meet with U.S. businesses and to foster commercial relationships) have constituted an increasing proportion of TDA activities, accounting for about one-fifth of the value of TDA obligations in FY2011 ($8.7 million). Other activities include studies, workshops, conferences, and trade-related training. TDA identified $4.9 billion in U.S. exports supported by its programs in FY2011.[41]

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[38] Department of State, Bureau of Public Affairs, "The National Export Initiative: Stimulating Global Economic Growth Through U.S. Exports," press release, March 24, 2010, http://www.state.gov/r/pa/scp/fs/2010/134811.htm.

[39] U.S. Trade and Development Agency (TDA), "USTDA At-A-Glance," http://www.ustda.gov/about/ataglance.asp.

[40] TDA, *U.S. Trade and Development Agency 2011 Annual Report*, http://www.ustda.gov/pubs/annualreport/2011/.

[41] Ibid.

TDA conducts a International Business Partnership Program, an initiative to host reverse trade missions that will bring prospective overseas buyers to the United States to meet with U.S. companies that export goods and services. TDA also is increasing engagement with the Department of Commerce's Advocacy Center to identify new reverse trade missions and grant opportunities for U.S. exporters.[42]

Office of the U.S. Trade Representative (USTR)

The USTR, within the Executive Office of the President (EOP), develops and implements the coordination of U.S. trade policy, and leads the United States' bilateral, regional, and multilateral trade negotiations, among other responsibilities. The USTR has sought to reduce both tariff and non-tariff barriers to trade through these negotiations. For example, the USTR presently is negotiating the Trans-Pacific Partnership (TPP) Agreement. The USTR also seeks to enforce U.S. rights secured through existing trade agreements. In addition, the USTR investigates unfair foreign trade practices and enforcement of FTAs affecting U.S. goods and services, and it is authorized statutorily to negotiate the removal of these barriers. The USTR's primary role in export promotion is to expand international market access for U.S. exporters of goods and services.

U.S. Department of the Treasury

The Department of the Treasury's **Office of Foreign Assets Control (OFAC)** administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction.

The Department of the Treasury is involved in broader efforts with the Administration to address global economic imbalances and to promote an international economic climate that is more supportive of exports, such as through reforming the U.S. financial system and tackling foreign currency exchange issues. While such macroeconomic efforts may help to promote exports, they may not be included in the TPCC's trade promotion budget for the Treasury. According to the *National Export Strategy* reports, a very small portion of Treasury's budget is directed at export promotion activities.

Local Export Assistance

Led by the Department of Commerce's ITA, U.S. Export Assistance Centers (USEACs) constitute a key component of support services provided by federal government agencies to U.S. exporters. The Department of Commerce, together with SBA, Ex-Im Bank, and USDA, are part of a nationwide network of USEACs that serve as a "one-stop shop" for firms—primarily small- and medium-sized business—that are new to exporting or want to expand their exporting activities. They provide export counseling, planning, and financing services, such as working with firms to identify target markets, to formulate marketing strategies, and to identify export financing

[42] TDA, "Statement by Leocadia I. Zak, Director, U.S. Trade and Development Agency, National Export Initiative, Denver, CO," press release, March 22, 2010, http://www.ustda.gov/news/speeches/2010/US/NEIOutreachLZRemarks_032210.pdf.

options. Through USEACs, the agencies work to coordinate their export education, promotion, and finance services to U.S. businesses.[43] USEACs coordinate with Foreign Commercial Service posts that provide export assistance services.[44] USEACs also work closely with non-federal export service providers, such as state agencies and world trade centers, to provide export assistance for U.S. businesses. USEACs are located in over 100 U.S. cities. Some USEAC services are free, while others are fee-based.[45]

Issues for Congress

Congressional interest in federal agencies involved in export promotion centers is rooted in an underlying issue of effectiveness. How effective are federal export promotion efforts at supporting U.S. exports and, in turn, supporting U.S. jobs? What agency-specific issues can be addressed to enhance this effectiveness?

Economic Rationales For and Against Federal Export Promotion

A starting point for congressional debates on export promotion often is the economic rationales for and against the involvement of U.S. government agencies in promoting U.S. exports. Advocates of the federal government's export promotion activities argue that such efforts are critical for addressing market failures, such as imperfect information and barriers to entry. Export assistance services to overcome such barriers may be particularly useful for small business exporters, which tend to face greater challenges than larger firms in entering overseas markets.

Federal export promotion efforts also can help to counter foreign governments' export promotion activities to help create a "level playing field" for U.S. companies competing in international markets. Some supporters consider international export promotion competition to be significant. For example, according to a 2011 Ex-Im Bank report on international export credit competition, in 2010, new medium- and long-term (MLT) official export credit financing by the Group of 7 (G-7) countries totaled $65.4 billion. Among the G-7 countries, Germany provided the largest level of support at $22.5 billion, followed by France at $17.4 billion and the United States at $13.0 billion. In comparison to the G-7, the emerging economies of Brazil, China, and India—which are not a part of the Organization for Economic Cooperation and Development's international arrangement on export credits—conducted a total of $72.7 billion in new MLT financing in 2010, surpassing that of the G-7.[46]

Others, including some economists, view government-funded trade promotion efforts as a subsidy which distorts free markets, because they encourage commercial activities that are not

[43] U.S. General Accounting Office (now the U.S. General Accountability Office), *U.S. Export Assistance Centers' Efforts to Support U.S. Business*, GAO/T-NSIAD-99-252, September 9, 1999. Telephone conversation with Ex-Im Bank official, March 5, 2009.

[44] GAO, *Export Promotion: Increases in Commercial Service Workforce Should Be Better Planned*, GAO-10-874, August 2010, p. 7.

[45] Department of Commerce, CommerceConnect, "U.S. Export Assistance Centers," http://www.commerceconnect.gov/connections/programs/program000078.asp.

[46] Ex-Im Bank, *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States*, June 2011. The report notes that data on export credit volumes for Brazil, China, and India are approximations of activity based on available information and may be overstated due to analytic assumptions used by Ex-Im Bank.

commercially viable, and in doing so, may encourage an inefficient use of resources. Those critical of the government's involvement in export promotion contend that there is little in the way of evidence suggesting that export promotion by the government can have significant effects on U.S. export levels. While critics concede that federal export assistance may help individual firms, they contend that such activities do not influence the overall level of employment and may, in fact, simply shift production among sectors within the economy. Critics also assert that macroeconomic factors, such as global economic growth and exchange rates, hold greater sway over a nation's level of exports.

While there is no consensus on the economic rationales for and against export promotion, it appears that, in light of the recent global economic downturn, U.S. trade policy has converged around the notion of promoting U.S. exports as a way to support U.S. economic growth and employment. U.S. export promotion also has emerged as a means to achieve a rebalancing of the U.S. economy by depending less on domestic consumption for gross domestic product (GDP) growth and more on other sectors of the economy, including exports. As such, many policymakers have turned to more agency-specific issues in export promotion that are discussed below.

Coordination of Federal Export Promotion Agencies and Activities

Coordination of the U.S. government's export promotion activities has been a long-standing issue of interest for Congress. Since the inception of the TPCC in 1992, the Government Accountability Office (GAO), at the request of Congress, has conducted several studies on the effectiveness of the TPCC in coordinating the export promotion activities of federal government agencies. The TPCC has a mandate to establish a set of priorities for federal export promotion activities, to coordinate a government-wide export promotion framework, and to propose a unified export promotion budget to the President. In practice, however, its effectiveness in fostering interagency coordination often has been more limited.

Interagency coordination by the TPCC inherently is complicated by the fact that multiple agencies are involved in export promotion. These are independent agencies with their own missions, goals, and priorities. Many of these agencies prioritize the promotion of exports, but often, it is within the context of their own agency missions.

The GAO reports that the TPCC has made progress in improving its coordination of export promotion activities, but continues to report shortcomings. Positive developments include improvements in interagency training, joint outreach by agencies to serve small businesses, and enhanced support for the trade promotion activities conducted at U.S. embassies.[47] While the GAO has reported previously that the objectives and priority markets identified in the NES have changed on an annual basis without reflection of the outcomes of the previous year, in 2009 testimony, the GAO noted that the 2008 NES contained information about the status of priority initiatives identified in the prior year's report.[48]

[47] GAO-06-660T, April 26, 2006, pp. 9-11. GAO, *International Trade: Effective Export Programs Can Help in Achieving U.S. Economic Goals*, GAO-09-480T, March 17, 2009, p. 3.

[48] GAO, *International Trade: Effective Export Programs Can Help in Achieving U.S. Economic Goals*, GAO-09-480T, March 17, 2009, p. 3.

Nevertheless, the GAO has identified a number of areas of ongoing concern related to the TPCC. For example, according to the GAO, the annual *National Export Strategy* reports have several limitations that affect the TPCC's ability to coordinate trade promotion activities. In March 2009, the GAO testified that the NES continues to lack an overall review of member agencies' allocation of resources relative to government-wide export promotion priorities.[49] This may constrain the TPCC's ability to guide progress toward achievement of export promotion goals. In addition, the GAO has testified that the TPCC continues to have limited influence over its member agencies' allocation of resources for trade promotion.

Through the NEI, there is a cabinet-level interagency development that may further enhance interagency coordination. Some policymakers welcome the concerted effort to coordinate export promotion at the federal level through the creation of the Export Promotion Cabinet. Supporters believe that the elevation of export promotion as a policy issue to the cabinet level will ensure that it is given national priority.[50] However, some critics contend that the NEI essentially is a bureaucratic maneuver that overlays the newly created Export Promotion Cabinet over the existing TPCC. They contend that it does not bring substantive reforms or improvements to coordination of U.S. export promotion.[51]

Funding for Export Promotion Activities by Federal Agencies

Congress has an ongoing interest in the level of U.S. government spending on export promotion activities by federal agencies, and the extent to which such spending is effective and efficient. Over the years, some policymakers have called for greater federal funding for export promotion activities, such as export financing. Supporters argue that increased resources would improve the ability of the U.S. government to provide support to U.S. exporters. For example, in 2006, the GAO reported that the Commerce Department's budget authority for security at overseas offices has risen in recent years, leaving few resources for trade promotion activities at foreign missions.[52] Supporters also contend that the low level of federal spending on export promotion activities, compared to those of foreign governments, places U.S. firms at a competitive disadvantage in the global marketplace.[53] Greater spending, they argue, would enhance the ability of the federal government to equip U.S. firms with the tools necessary to compete with foreign firms that have access to similar support through their national programs. It also would allow the United States to counter the unfair trading practices of foreign countries and help "level the playing field" for U.S. exporters.

Some critics of policy proposals to increase funding contend that these programs are funded adequately, and that the challenge primarily is about using resources efficiently. For example, some groups may take issue with the fact that while agricultural goods accounted for nearly one-tenth of total U.S. exports in 2010, federal support for agricultural exports accounted for nearly half of the TPCC export promotion budget in that year.[54] They may contend that federal

[49] GAO-09-480T, March 17, 2009, p. 3.

[50] Diana Ransom, "Obama's Math: More Exports Equals More Jobs," *Wall Street Journal*, February 5, 2010.

[51] Sherle R. Schwenninger and Samuel Sherraden, *Getting Serious About Doubling U.S. Exports*, New America Foundation, Talking Points, March 17, 2010.

[52] GAO-06-660T, April 26, 2006, p. 8.

[53] Kent Hoover, "Business groups praise export plan, but want more," *Washington Business Journal*, February 15, 2010, http://www.bizjournals.com/extraedge/washingtonbureau/archive/2010/02/15/bureau1.html.

[54] CRS analysis, data from U.S. Census Bureau and U.S. Bureau of Economic Analysis, U.S. Department of (continued...)

government support for agricultural exports is inefficient. Some critics assert that it is difficult to make assessments of which federal export promotion programs should receive greater federal funding. As mentioned before, the GAO continues to find that the NES lacks "an overall review of agencies' allocation of resources relative to government-wide export promotion priorities."[55]

Reorganization of Federal Agencies Involved in Export Promotion

Over the past few decades, Congress, successive Administrations, and policy stakeholders have considered proposals to reorganize trade policy functions, such as consolidating all U.S. export- or trade-related programs under one federal agency to provide the U.S. exporting community with a "one-stop" source of export promotion services. There has been renewed interest on the part of the Obama Administration and Congress in reorganizing the trade policy functions of the federal government in order to enhance the effectiveness of U.S. export promotion efforts, improve U.S. trade policy coordination, avoid duplication of functions and activities, and for other reasons.

Given the multiple different federal government agencies involved in export promotion, some policymakers are concerned that certain functions and activities of the agencies may be duplicative. Some also are concerned that export promotion responsibilities are spread too diffusely across the U.S. government. In addition, some observers consider the diverse range of policy goals that fall under U.S. export promotion policy challenging to balance. Goals range from increasing the level of exports to lowering the U.S. trade deficit to supporting SME exporters to promoting renewable energy and clean technology exports.

On the one hand, proponents of consolidation proposals believe that they may eliminate duplication of federal export promotion services, provide a more streamlined rationale for U.S. export promotion services based on more clearly defined goals, and reduce overall costs of such programs. They argue that federal export promotion efforts could be enhanced through a more centralized government body. On the other hand, critics contend that such proposals could result in the creation of a large, costly federal bureaucracy. They also assert that the diffusion of export promotion responsibilities across federal government agencies helps to advance various aspects of U.S. export promotion policy. Advocates of particular types of exporters, such as SMEs or agricultural exporters, may be concerned that such a "one-stop" federal source may not be responsive to their unique needs.

On January 13, 2012, President Obama asked Congress for authority to reorganize and consolidate the business- and trade-related functions of six federal entities into one department in an effort to streamline the federal government: Department of Commerce, Ex-Im Bank, OPIC, SBA, TDA, and the USTR.[56] The reorganization authority required by the President is currently dormant; it was available to Presidents periodically between 1932 and 1984, and allowed the President to present reorganization plans to Congress under an expedited process.[57] On February 16, 2012, President Obama sent draft legislation, entitled the *Reforming and Consolidating*

(...continued)

Commerce, *U.S. International Trade in Goods and Services: Annual Revision for 2010*, June 9, 2011.

[55] GAO-09-480T, March 17, 2009, p. 3.

[56] The White House, "Government Reorganization Fact Sheet," press release, January 13, 2012, http://www.whitehouse.gov/the-press-office/2012/01/13/government-reorganization-fact-sheet.

[57] For additional information on the reorganization process, see CRS Report R41841, *Executive Branch Reorganization Initiatives During the 112th Congress: A Brief Overview*, by Henry B. Hogue.

Government Act of 2012, to Congress that would give him the authority to reorganize and consolidate the federal government. The legislation, introduced as S. 2129 (Lieberman) on February 17, 2012, would reinstate an authority granted to past Presidents to reorganize the executive branch.[58]

On February 17, 2012, the President issued a memorandum announcing his intention to move administratively to ensure the effectiveness of federal programs and functions supporting trade and investment, while seeking reorganizational authority from Congress. The President directed the EPC, in coordination with the TPCC, to develop strategies and initiatives in support of the Administration's strategic trade and investment goals and priorities. The President also stated that the Assistant to the President and Deputy National Security Advisor for International Economics shall coordinate the activities of the TPCC. The President directed the EPC to support efforts to create BusinessUSA, an online platform intended to be a central resource for accessing federal business programs and services.[59] In addition, the President directed the EPC, in consultation with the TPCC, to present a unified federal trade budget consistent with the Administration's strategic trade and investment goals and priorities, as well as to take steps to ensure the most efficient use of its members' domestic and foreign offices and distribution networks.[60]

The presidential memorandum provides for administrative tools for attempting to enhance the effectiveness of federal trade-related programs and functions. It outlines steps that the executive branch can take to enhance trade policy coordination, such as strengthening the role of the EPC, and to ensure the use of federal resources more efficiently, such as through better allocation of resources across federal agencies' domestic and foreign offices and distribution networks. The memorandum addresses long-standing policy concerns related to the U.S. trade policy organizational structure. Since the presidential memorandum has only been recently issued, it is unclear what effect it will have on overall trade policy.

Congressional Activity on Export Promotion

The 112th Congress has introduced legislation related to the coordination of federal export promotion activities and the role of federal agencies in export promotion, including the following.

- H.R. 4041 (Berman), introduced on February 15, 2012, would provide the TPCC with greater authority to assess current export promotion programs; direct improvements, review, and approve annual export promotion budget submissions, taking into account recommendations of U.S. exporters (especially SMEs and representatives of U.S. workers); and direct the implementation of export promotion activities by other agencies. The bill also would provide for the redeployment of Commercial Service officers based on assessments conducted by the Secretary of Commerce on overseas markets with the greatest potential for

[58] The White House, "President Obama Calls on Congress to Partner on Government Reform," press release, February 16, 2012, http://www.whitehouse.gov/the-press-office/2012/02/16/president-obama-calls-congress-partner-government-reform.

[59] The beta version of BusinessUSA is accessible at: http://business.usa.gov/.

[60] The White House, "Presidential Memorandum--Maximizing the Effectiveness of Federal Programs and Functions Supporting Trade and Investment," press release, February 17, 2012, http://www.whitehouse.gov/the-press-office/2012/02/17/presidential-memorandum-maximizing-effectiveness-federal-programs-and-fu.

increasing U.S. exports. In addition, the bill would require each chief of mission to develop a plan for effective diplomacy to remove or reduce obstacles to U.S. exports. H.R. 4041 was ordered to be reportedly favorably to the full House (as amended) by unanimous content on March 7, 2012.[61] The Senate version of the bill, S. 2171 (Pryor), was introduced on March 7, 2012, and referred to Senate committee.

- H.R. 2988 (Berman), introduced on September 21, 2011, would require the Secretary of Commerce to establish a public directory for foreign buyers to identify U.S. manufacturers and service providers prepared to export clean and efficient energy and environmental products and services; require the Secretary of Commerce to establish a governmental database on foreign sales opportunities in clean and efficient energy and environmental products and services; require the Secretary of Commerce to monitor and evaluate U.S. export promotion activities with respect to clean and efficient energy and environmental products and services; and require the GAO to submit reports to Congress comparing the effectiveness of U.S. export promotion activities with respect to clean and efficient energy and environmental products and services with those of other major trade competitors. H.R. 2988 was referred to House subcommittee on October 25, 2011.
- H.R. 3976 (Velazquez), introduced on February 8, 2012, would, among other things, direct the SBA Office of International Trade to compile and update annually a document for small businesses that contains tariff schedules of foreign countries and other trade and market data. It also would direct the OIT to identify and advertise programs and services to small businesses, including federal assistance, that facilitate the matching of foreign customers to small businesses. In addition, H.R. 3976 would increase Ex-Im Bank financing for small business exports and OPIC financing for small business investment. H.R. 3976 was referred to House subcommittee on February 23, 2012.
- H.R. 4221 (Smith), introduced on March 20, 2012, is intended to create jobs in the United States by expanding U.S. trade and investment programs that increase U.S. exports to Africa. The bill would expand the role of federal agencies involved in export promotion, such as the Department of Commerce, the Ex-Im Bank, and OPIC, with respect to Africa. Among other things, the bill would direct the Ex-Im Bank to make more financing available for projects in Africa and to use not less than $250 million of its total capitalization to counter concessional loans made by foreign governments. H.R. 4221 was referred to House subcommittee on April 26, 2012. Its companion bill, S. 2215 (Durbin), was introduced on March 21, 2012, and referred to Senate committee.
- Legislation has been introduced to reauthorize the Ex-Im Bank until FY2015: H.R. 2072 (Miller); S. 1547 (Johnson); S.Amdt. 1836 (Cantwell), an amendment to H.R. 3606; and H.R. 4302 (Larsen). The pieces of legislation differ to some degree on the changes that they would make to the Ex-Im Bank's authority and

[61] H.R. 4041 is virtually identical to H.R. 2987 (Berman), which was introduced on September 21, 2011, and referred to House subcommittee on October 25, 2011.

activities. Legislation also has been introduced to terminate the Bank: H.R. 4268 (Amash).[62]

- H.R. 2762 (Manzullo), introduced on August 1, 2011, would reauthorize OPIC through FY2015. It was referred to House subcommittee on October 25, 2011.

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[62] For additional information on Ex-Im Bank reauthorization legislation, see CRS Report R41829, *Reauthorization of the Export-Import Bank: Issues and Policy Options for Congress*, by Shayerah Ilias.