



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

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November 19, 2010

Congressional Research Service

7-5700

www.crs.gov

R41495

CRS Report for Congress

Prepared for Members and Committees of Congress

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 increase congressional oversight of export promotion policy and related legislative activity.

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, 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 newly created Export Promotion Cabinet
- The level of U.S. government spending on export promotion; its adequacy and efficiency of use
- The extent to which the export promotion activities conducted by federal government agencies may be similar or overlapping

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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 two 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.

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. Next, the report provides an overview of the missions and activities of key federal government agencies that support exports. The last section of the report discusses agency-related issues for Congress.

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. 100-412), which added Sections 2312 and 2313 to the Omnibus Trade and Competitiveness Act of 1988 (P.L. 102-429), 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, including concerns that existing export promotion programs lacked coordination and an overall strategy.¹

The TPCC is comprised of twenty member agencies, nine of which are key federal government agencies involved in export promotion. The key agencies are the U.S. Department of Agriculture

¹ P.L. 102-429, approved October 21, 1992.

(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 Department 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 NES report, issued in 2008, outlined four major export policy objectives: (1) engaging more companies, especially small businesses and new exporters, in exporting; (2) expanding opportunities through bilateral and regional free trade agreements (FTAs); (3) assisting U.S. exporters in entering “emerging priority markets,” identified as China, India, Brazil, and Russia; and (4) assisting U.S. exporters in taking advantage of commercial opportunities in “next generation markets” in the Middle East and Africa, while reducing the risks of entering these markets.² The NES was not released in 2009. According to the Director of the TPCC, a NES is not published in transition years between Administrations.³ The next NES is expected to be released in late 2010.

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 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 to ensure that export promotion is a high priority for all relevant agencies.⁴ Members of the Export Promotion Cabinet include the nine key Secretaries or Directors of the export promotion agencies of the TPCC and senior White House advisors. The Export Promotion Cabinet is to coordinate with the TPCC in order to “operationalize” the NEI.⁵

In September 2010, the Export Promotion Cabinet 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 barriers to trade; and (8) export promotion of services. Some of these

² Trade Promotion Coordinating Committee (TPCC), *2008 National Export Strategy: The New Global Main Street*, October 2008.

³ U.S. Government Accountability Office (GAO), *Export Promotion: Increases in Commercial Service Workforce Should Be Better Planned*, GAO-10-874, August 2010, p. 17.

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.

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

Since its introduction, the NEI has become the centerpiece of federal export promotion efforts. Going forward, it is unclear how the *National Export Strategy* will fit into or incorporate the priority areas identified in the Export Promotion Cabinet's report on the NEI. This may be an opportunity for the TPCC to clarify export promotion goals identified in the NES and how they relate to broad U.S. priorities.

Funding for Export Promotion Activities

The *National Export Strategy* reports government funding levels for the activities of federal agencies deemed to constitute "trade promotion." It includes all or part of the budgets of the TPCC's member agencies, but does not provide details 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, nine of these agencies currently have budgets for programs or activities directly related to trade promotion (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, *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 GAO, *Export Promotion: Trade Promotion Coordinating Committee's Role Remains Limited*, GAO-06-660T, April 26, 2006.

Between FY2003 and FY2008, the overall export promotion-related budget of federal agencies, as reported in the NES, declined by about 50%, due to lower funding levels for USDA and Ex-Im Bank. The USDA is the agency with the largest funding levels for export promotion activities. However, USDA's budget on export programs has decreased by 42% since FY2004, from \$1.1 billion in FY2004 to \$644 million in FY2008. Ex-Im Bank's funding levels have decreased primarily because the agency became "self-sustaining" for appropriations purposes in FY2008. Ex-Im Bank funds its administrative and program costs through fee income generated from its financing programs.

After USDA, the Department of Commerce and the State Department have the second and third largest fund levels for export promotion. During the FY2003-FY2008 time period, funding for the Department of Commerce's export promotion activities increased from \$316 million to \$339 million, while the State Department's increased from \$139 million to \$184 million.

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, 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 Ex-Im Bank's FY2009 trade promotion requested budget was \$3 billion, it authorized \$21 billion in credit and insurance in that year.

Table I. TPCC Trade Promotion Funding Levels, FY2003-FY2009

(millions of U.S. dollars)

Agency	FY03 Enacted	FY04 Enacted	FY05 Enacted	FY06 Enacted	FY07 Enacted	FY08 Enacted	FY09 Requested
U.S. Department of Agriculture (USDA)	\$1,354	\$828	\$979	\$769	\$693	\$644	\$563
Department of Commerce	316	250	333	335	335	339	350
Department of Energy (DOE)	4	9	9	9	9	9	NA
Department of Labor (DOL)	1	1	1	NA	NA	NA	NA
Department of State	139	155	151	177	174	184	198
Department of Transportation (DOT)	0	0	NA	NA	NA	NA	NA
Department of the Treasury	3	3	3	3	3	3	3
U.S. Agency for International Development (AID)	NA	NA	NA	NA	NA	NA	NA
Environmental Protection Agency (EPA)	0	0	NA	NA	NA	NA	NA
Export-Import Bank (Ex-Im Bank)	578	73	132	123	55	1	3
Overseas Private Investment Corporation (OPIC)^a	(214)	(199)	(213)	(161)	(113)	(165)	(170)
Small Business Administration (SBA)	9	8	5	6	6	6	6.4
U.S. Trade and Development Agency (TDA)	47	50	51	50	50	51	51
U.S. Trade Representative (USTR)	35	42	41	44	44	44	46
Total	2,486	1,419	1,705	1,516	1,369	1,272	1,220

Source: Trade Policy Coordinating Committee (TPCC), *National Export Strategy* (NES) reports from various years.

Notes: This table contains funding levels for export promotion activities only. Agencies that currently have budgets related to export promotion are bolded. 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.

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 subsidized trade credits 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 investment insurance for projects in developing countries and emerging markets.
- **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 Department of Commerce, Department of State, and the USTR.

The federal government also promotes exports in broader ways, such as through negotiating new multilateral, regional, and bilateral 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

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

State Department and Department of Commerce, 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 that are not charged directly with the promotion of U.S. exports may contribute to the expansion of exports through their activities. For example, overseas investment insurance provided by OPIC helps to support U.S. investment in foreign countries to support U.S. foreign policy objectives, which may lead to the sale of U.S. goods and services to these markets.

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 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. In recent years, the program has been funded at around \$34 million annually.

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

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>.

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 USDA'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.

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.

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.

¹³ U.S. Department of Agriculture, Foreign Agricultural Service, *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>.

¹⁴ Specialty crops include fruit, vegetable, tree nut, and nursery crops. Sanitary and phytosanitary (SPS) measures, according to the 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://tcdb.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.

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 FY2009; and an estimated \$70 million of U.S. goods and services exports will be guaranteed under FGP in FY2010 (see **Table 2**).¹⁶ 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.

Table 2. Funding for USDA Market Development and Export Financing Programs: FY2004-FY2011 Program Level
(millions of U.S. dollars)

Program	FY05	FY06	FY07	FY08	FY09	FY10 ^a	FY11 ^b
Market Access Program (MAP)	\$140	\$200	\$200	\$200	\$200	\$200	\$160
Foreign Market Development Program (FMDP)	34	34	34	34	34	34	69
Emerging Markets Program (EMP)	10	10	4	10	10	10	10
Quality Samples	2	2	1	1	2	2	2
Technical Assistance for Specialty Crops (TASC)	2	2	1	4	7	8	18
Export Credit Guarantee Program (GSM-102) ^c	2,170	1,363	1,445	3,115	5,400	5,500	5,500
Facilities Guarantee Program (FGP) ^d	0	0	0	0	70	100	100
Dairy Export Incentive Program (DEIP)	0	0	0	0	100	10	0
Total	2,358	1,611	1,685	3,364	5,823	5,864	5,859

Source: U.S. Department of Agriculture (USDA) Budget Summaries, 2004-2010.

¹⁶ Program level funding for USDA’s Market Development and Export Financing Programs (**Table 2**) differs from TPCC-reported USDA program level funding for trade promotion (**Table 1**). This may be because the former’s program level funding includes a broader array of activities than the latter. The USDA-specific use of 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, or in-kind benefits such as commodities.”

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. GSM-102 program level is the value of agricultural exports whose financing is guaranteed.
- d. FGP program level is the value of U.S. goods and services exports whose financing is guaranteed.

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).

The President’s FY2011 budget request for USDA includes \$54 million for the Foreign Agricultural Service, for trade promotion activities as part of the NEI.¹⁷ This includes an increase of \$10 million in FAS’s budget to cover higher operating costs entailed by additional exporter assistance and in-country export promotion activities. USDA funding for the NEI also includes \$34.5 million additional funding for FMDP and an additional \$9 million for TASC. Additional funding for FMDP and TASC will double the overall funding available to these programs in FY2011. According to USDA, the added funding for FMDP will permit greater participation by cooperators in promotional activities, while additional funding for TASC reflects the increased importance of specialty crops in U.S. agricultural exports and the need to address phytosanitary and technical trade barriers they confront.

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 U.S. Commercial Service** is the main trade promotion unit of ITA. It has trade specialists in 107 U.S. cities and in more than 80 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.¹⁸ 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

¹⁷ USDA, *FY2011 Budget Summary and Annual Performance Plan*, p. 45, available at <http://www.obpa.usda.gov/budsum/FY11budsum.pdf>.

¹⁸ See <https://www.trade.gov> for more information on the Trade Promotion and U.S. Foreign Commercial Service of the International Trade Administration (ITA).

(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 develop and implement other policies and programs aimed at countering unfair foreign trade practices.¹⁹

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.²⁰

The Administration is requesting an increase of 131 full-time employees and \$78.5 million in additional funding in its FY2011 budget request to support its export expansion strategy under the NEI.²¹ Total budget authority for ITA in FY2010 was \$456 million, though it is unclear what portion of the budget is directly related to export promotion activities (see **Table 3**). The Department of Commerce's FY2011 budget request states that the increase in requested FY2011 funding related to the NEI would be used to help promote growth in the U.S. economy by export promotion services aimed at increasing the volume of U.S. exports and the number of U.S. firms that export. The Administration hopes that the initiative will help U.S. companies be more

¹⁹ For more information on U.S. anti-dumping and countervailing duty laws, see CRS Report RL32371, *Trade Remedies: A Primer*, by Vivian C. Jones.

²⁰ Department of Commerce, ITA, "New Market Exporter Initiative," available at <http://trade.gov/nei/new-market-exporter-initiative.asp>.

²¹ ITA, *FY2011 Budget in Brief*, available at <http://www.osec.doc.gov/bmi/budget/11BiB/ITA.pdf>.

competitive in the global market and that jobs created through export growth will be associated with higher wages.²² The ITA plans to focus on increasing the number of SMEs that are exporting to more than one market by 50% over the next five years; expanding SME exports to Brazil, China, India; and increasing exports in fast-growing sectors, such as environmental goods and services, renewable energy, health care, and biotechnology.²³

Table 3. ITA Budget Authority: FY2002-FY2010 and Request for FY2011

(millions of U.S. dollars)

ITA Unit ^a	FY05	FY06	FY07	FY08	FY09	FY10 ^b	FY11 ^c
U.S. Commercial Service	\$227	\$236	\$235	\$242	\$243	\$258	\$320
Manufacturing and services (MAS) ^d	49	49	48	42	49	50	56
Import administration (IA)	63	60	61	64	67	68	73
Market access and compliance (MAC)	44	45	44	46	45	43	56
Administration and executive direction	26	26	26	26	25	27	29
Direct funding	409	416	414	420	429	446	534
Fees	8	8	8	8	9	9	9
Total budget authority ^e	417	424	422	428	438	456	544

Sources:

For FY2002-FY2009 amounts: Executive Office of the President, Budget of the United States Government, Fiscal Years 2005, 2006, 2007, 2008, 2009, 2010, and 2011.

For enacted FY2010 amounts: House Congressional Record, H13653, December 8, 2009.

For FY2011 request: Executive Office of the President, Budget of the United States Government, FY2011.

- a. Not all ITA units have a direct role in export promotion activities.
- b. Estimated.
- c. Requested.
- d. Formerly the Trade Development unit (prior to 2004).
- e. Estimated totals may not add due to rounding.

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

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 countries, especially in circumstances when alternative financing is not available, to contribute to U.S. employment. Some Ex-Im Bank programs are used to counter export subsidies of other countries. Its main programs are direct loans, export credit guarantees, working capital guarantees, and export credit

²² Ibid.

²³ 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.

insurance, and are backed by the full faith and credit of the U.S. government. 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, and has been re-authorized through September 30, 2011 (P.L. 109-438).²⁴ Ex-Im Bank charges fees for its services and collects interest on its loans. It is a “self-sustaining institution,” using offsetting collections to cover its operations.²⁵ Congress does not provide funding to the Bank, but does set an upper limit on the level of the Bank’s financial activities as part of the annual appropriations process (see **Table 4**).

Table 4. Budget of the Export-Import Bank, FY2005-FY2011

(millions of U.S. dollars)

	FY05	FY06	FY07	FY08	FY09	FY10 ^a	FY11 ^b
Total subsidy requested	\$126	\$187	\$26	\$68	\$41	\$58	\$93
Total subsidy appropriated	60	100	NA	68	41	58	—
Total administrative budget requested	73	73	75	78	82	84	106
Total administrative budget appropriated	73	73	NA	78	82	84	—
Budget authority (gross)	477	198	341	585	685	1,316	263
- Appropriated	132	109	99	487	571	1,121	—
- Other	345	89	242	123	158	195	263

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

- a. Estimated.
- b. Requested.

Though the Ex-Im Bank’s export promotion budget level reported by the TPCC is small compared to the other federal agencies, Ex-Im Bank is considered by many to have a key role in federal export promotion efforts. In FY2009, Ex-Im Bank authorized over \$21 billion in loans, guarantees, and insurance in support of U.S. exports, the largest level in the Bank’s history, with a total exposure of nearly \$67 billion (see **Table 5**). Officials from the Bank attribute the surge in authorizations to increased private sector demand for government financing after the international financial crisis.

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 FY2010, Ex-Im Bank continued to provide enhanced levels of support to small business exporters and exporters of renewable energy exporters. Ex-Im Bank also continued to engage in outreach to and advocacy for small businesses, including through its five regional offices.

²⁴ For more information on the Export-Import Bank (Ex-Im Bank), see CRS Report 98-568, *Export-Import Bank: Background and Legislative Issues*, by Shayerah Ilias.

²⁵ Ex-Im Bank, *Annual Report 2008*.

Table 5. Ex-Im Bank's Credit and Insurance Authorizations, FY2008-FY2009

(millions of U.S. dollars)

Program	Number of Authorizations		Amount Authorized	
	FY08	FY09	FY08	FY09
Total authorizations	2,704	2,891	\$14,399	\$21,021
Loans	2	16	\$356	\$3,033
Guarantees	673	619	\$10,179	\$11,475
Insurance	2,029	2,256	\$3,864	\$6,513
Selected types of authorizations				
Small business	2,328	2,540	\$3,190	\$4,360
Percent of total authorizations	86.1%	87.9%	22.2%	20.7%
Environmentally beneficial	87	88	\$227	\$394
Percent of total authorizations	3.2%	3.0%	1.5%	1.9%
Renewable energy authorizations	7	13	\$30	\$93
Percent of total authorizations	0.3%	0.4%	0.2%	0.4%

Source: Ex-Im Bank Annual Reports.

Ex-Im Bank financing support also must meet several other statutory and policy criteria.²⁶ Congress requires that Ex-Im Bank projects have no adverse effect on U.S. industry. Chiefly, 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. 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. 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 proliferation, environmental protection, and human rights. The power to make such a determination has been delegated to the Secretary of State.²⁷

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

²⁶ Additional information about Ex-Im Bank's policies are available at <http://www.exim.gov/products/policies/index.cfm>.

²⁷ U.S. Code Title 12, Chapter 6a, Section 635(b)(1)(B)(ii).

overseas. OPIC conducts its activities on a self-sustaining basis to mobilize and facilitate private capital investment in developing countries.²⁸ OPIC operates in 156 developing countries and emerging markets. Based on U.S. development and foreign policy priorities, OPIC has placed special emphasis in its activities on supporting small business and microfinance; renewable energy and clean technologies; and Sub-Saharan Africa, the broader Middle East and North Africa region, and Asia.²⁹

OPIC's support for international investment is believed to support U.S. exports. Since its creation in 1971, OPIC has supported \$188 billion worth of investments overseas, which it reports has generated 830,000 jobs in host countries and supported \$72 billion in U.S. exports and 273,000 U.S. jobs.³⁰

OPIC has general statutory requirements that govern its support for international investment projects. Under the *Foreign Assistance Act of 1961* (P.L. 97-195), 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 Also under the act, 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 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)

SBA provides export financing and promotion services to small businesses. SBA's **Office of International Trade** 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 FY2009, the SBA's Office of International Trade approved 1,500 loans, totaling over \$600 million, to support small businesses in generating export sales. According to SBA, the loans generated export sales of approximately \$1.6 billion.³⁵

²⁸ For more information on OPIC, see CRS Report 98-567, *The Overseas Private Investment Corporation: Background and Legislative Issues*, by Shayerah Ilias.

²⁹ Fiscal Year 2011 Foreign Operations Congressional Budget Justification.

³⁰ OPIC, *OPIC 2009 Annual Report*, p. 4.

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.

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 Small Business Administration (SBA), *FY2011 Congressional Budget Justification and FY2009 Annual Performance Report*, p. 48, http://www.sba.gov/idc/groups/public/documents/sba_homepage/fy_2011_cbj_09_apr.pdf.

U.S. Department of State³⁶

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 Analysis, Energy, and Business Affairs (EEB)** plays a key role in the State Department's export promotion activities.

EEB'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 EEB, 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 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.³⁷

U.S. Trade and Development Agency (TDA)

TDA operates under a dual mission of promoting economic development and U.S. commercial interests in developing and middle-income countries. TDA works to achieve its mission primarily by supporting the development of modern infrastructure in economic sectors such as transportation, energy and power, and telecommunications through the funding of feasibility studies, technical assistance, and other activities. TDA provides grants to overseas project sponsors (frequently host country governments) who select U.S. companies to conduct TDA-financed activities in the program areas of: (1) trade capacity-building and sector development; and (2) project definition and analysis. These activities are intended to help U.S. firms gain follow-on contracts on infrastructure and industrial projects and to counter similar assistance offered by other foreign governments.

In FY2009, TDA funded 249 activities in 50 countries.³⁸ Between 1997 and 2006 (the most recent time period for which data are complete), TDA estimated that \$300 million in project spending helped to generate \$12.4 billion in U.S. exports.³⁹

³⁶ This section draws on language written by Ian F. Fergusson.

³⁷ 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>.

TDA recently launched the 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.⁴⁰

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. It also 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. Presently, the USTR is working to resolve outstanding issues in the pending U.S. FTAs with Korea, Panama, and Colombia; to negotiate the Trans-Pacific Partnership (TPP) Agreement; and to enforce U.S. rights secured through existing trade agreements.

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 NES, a very small portion of Treasury's budget is directed at export promotion activities.

Local Export Assistance

Led by the Department of Commerce's International Trade Administration, U.S. Export Assistance Centers (USEACs) constitute a key component of support services provided by federal

(...continued)

³⁸ U.S. Trade and Development Agency (TDA), *Congressional Budget Justification of the U.S. Trade and Development Agency: Fiscal Year 2011*, Attachment 1.

³⁹ TDA, *ibid.*, p. 8.

⁴⁰ 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.

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 options. Through USEACs, the agencies work to coordinate their export education, promotion, and finance services to U.S. businesses.⁴¹ USEACs coordinate with Foreign Commercial Service posts that provide export assistance services.⁴² 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.⁴³

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. Some supporters consider international export promotion competition to be significant. For example, according to a 2010 Ex-Im Bank report on international export credit competition, in 2009, medium- and long-term official export credit volumes from the Group of 7 (G-7) countries totaled \$77 billion.⁴⁴ In 2009, among the G-7 countries, France provided the largest level of support at \$28 billion, followed by the United States at \$17 billion and Germany at \$13.3 billion. Official export credit support by emerging market economies such as Brazil, China, and India—which are not a part of the Organization for Economic Cooperation and Development’s international arrangement on export credits—is considered to be sizeable, although data is often difficult to obtain. The Ex-Im Bank report estimated that, in 2008, China’s medium- and long-

⁴¹ U.S. General Accounting 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.

⁴² GAO, *Export Promotion: Increases in Commercial Service Workforce Should Be Better Planned*, GAO-10-874, August 2010, p. 7.

⁴³ Department of Commerce, CommerceConnect, “U.S. Export Assistance Centers,” <http://www.commerceconnect.gov/connections/programs/program000078.asp>.

⁴⁴ The Group of 7 (G-7) countries are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

term official export credit volumes totaled \$59.6 billion, more than the combined G-7 total of \$51 billion in that year.⁴⁵

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 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 longstanding 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.⁴⁶ While the GAO has reported previously that the objectives and priority markets identified in the NES have

⁴⁵ Ex-Im Bank, *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States*, June 2010, pp. 10-11. Emerging economies data for 2009 was not available.

⁴⁶ 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.

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.⁴⁷

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.⁴⁸ 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. Commerce Secretary Locke has characterized it as a shift from export promotion being a "some of the time focus" for cabinet agencies and departments to an "all the time focus."⁴⁹ However, some critics contend that the NEI essentially is a bureaucratic maneuver that overlays the newly created National Export Cabinet over the existing TPCC. They contend that it does not bring substantive reforms or improvements to coordination of U.S. export promotion.⁵⁰

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.⁵¹ 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.⁵² 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

⁴⁷ GAO, *International Trade: Effective Export Programs Can Help in Achieving U.S. Economic Goals*, GAO-09-480T, March 17, 2009, p. 3.

⁴⁸ GAO-09-480T, March 17, 2009, p. 3.

⁴⁹ Diana Ransom, "Obama's Math: More Exports Equals More Jobs," *Wall Street Journal*, February 5, 2010.

⁵⁰ Sherle R. Schwenninger and Samuel Sherraden, *Getting Serious About Doubling U.S. Exports*, New America Foundation, Talking Points, March 17, 2010.

⁵¹ GAO-06-660T, April 26, 2006, p. 8.

⁵² Kent Hoover, "Business groups praise export plan, but want more," *Washington Business Journal*, February 15, 2010, <http://www.bizjournals.com/extrajedge/washingtonbureau/archive/2010/02/15/bureau1.html>.

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 about 11% of total U.S. exports in 2009, federal support for agricultural exports accounts for nearly half of the TPCC export promotion budget. They may contend that federal 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.”⁵³

Reorganization or Consolidation of Federal Agencies Involved in Export Promotion

Over the past few decades, Congress has considered several legislative 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. 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.

Export Promotion Outlook

With the continued focus on U.S. economic growth and job creation, export promotion issues may figure prominently in the 112th Congress. In its oversight role, Congress may continue to debate the best approaches to coordination, funding, and reorganization of federal government agencies involved in export promotion in order to support U.S. export levels and U.S. jobs, and

⁵³ GAO-09-480T, March 17, 2009, p. 3.

may consider introducing legislation to address such concerns. Going forward, the National Export Initiative has the potential to have significant bearing on the coordination, budgets, and activities of federal government agencies involved in export promotion.

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Acknowledgments

The authors wish to thank the following CRS colleagues who provided helpful input on this report: Raymond J. Ahearn, William H. Cooper, Mary A. Irace, Wayne M. Morrison, and Carolyn C. Smith.