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

Shayerah Ilias, Coordinator
Specialist in International Trade and Finance

Charles E. Hanrahan
Senior Specialist in Agricultural Policy

M. Angeles Villarreal
Specialist in International Trade and Finance

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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 efforts to double U.S. exports under the National Export Initiative (NEI) and policy debates about possible reorganization of federal trade-related agencies. Some Members of Congress have placed greater priority on understanding the functions, coordination, and budgets of federal agencies involved in export promotion. Such an understanding may support increased congressional oversight of export promotion policy and related legislative activity.

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.

Approximately 20 federal government agencies are involved in supporting U.S. exports directly or indirectly. Nine key agencies with programs or activity directly related to export promotion 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.

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, a higher level coordinating body that is to work with the TPCC to make the NEI operational.

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 Export Promotion Cabinet;
- 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.

Contents

Tables

Contacts

Introduction

In times of economic crisis, including the global financial crisis of 2008-2009 and ensuing economic downturn, 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 by 2014 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 functions, coordination, and budgets 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. The 113th Congress could conduct oversight and legislate on a range of export promotion issues.

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. 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, also have an important role in promoting exports.

Export Promotion Services and Activities

The federal government conducts a wide variety of services 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. The federal government also conducts business matchmaking services, including trade missions (official business development missions led by senior U.S. government leaders to foreign countries) and reverse trade missions (bringing foreign buyers to the United States to meet with U.S. firms). Key agencies that offer direct export assistance include the U.S. Department of Agriculture (USDA), Department of Commerce, Department of State, Small Business Administration (SBA), and Trade and Development Agency (TDA).
- **Feasibility studies:** The U.S. government conducts feasibility studies, which evaluate the economic, financial, technical, and other aspects of proposed

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

projects in foreign countries that may generate exports of U.S. goods and services. USDA and the 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 the Export-Import Bank (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 the Ex-Im Bank and SBA. Related to exports also is the role of the Overseas Private Investment Corporation (OPIC) 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 Office of the U.S. Trade Representative (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, barriers to exports of services and foreign direct investment, and anti-competitive practices. 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 9 key agencies involved in federal export promotion activities.[2]

[2] The federal agencies discussed in this section historically have had dedicated budgets to export promotion, as reported (continued...)

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. These programs are authorized in farm bills, the most recent being the 2008 farm bill (P.L. 110-246), which expired on September 30, 2012. "Fiscal cliff" legislation (H.R. 8, P.L. 112-240) extended the 2012 farm bill, including its provisions for export market development, through September 30, 2013, at funding levels in effect at the end of FY2012. Congress is expected to continue work on a five-year farm bill during 2013.

In addition to administering USDA's export market development programs, FAS also administers export credit programs that 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. These authorities also were extended through the end of FY2013 by P.L. 112-240. Finally, FAS provides information, counseling, and assistance to potential U.S. exporters of agricultural products.

Funding levels for all of USDA's export promotion, export financing, and subsidy programs are specified in farm bills and financed through the borrowing authority of the **Commodity Credit Corporation (CCC)**. They are thus not subject to annual appropriations, although such legislation has on occasion limited funding for these programs or placed other restrictions on their operation.

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) authorized funding of $34.5 million annually for each fiscal year from FY2008 through FY2012. "Fiscal cliff" legislation (P.L. 112-240) continues FMDP funding at $34.5 million through FY2013.

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 made organic produce eligible for the program for the first time, and funds the program at $200 million each fiscal year from FY2008 through FY2012. "Fiscal cliff" legislation (P.L. 112-240) continues MAP funding at $200 million through FY2013.

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%.

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in the *National Export Strategy*, the annual report issued by the interagency Trade Promotion Coordinating Committee (TPCC); see subsequent sections for additional discussion.

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 FY2013.

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, QSP allows manufacturers overseas to assess how U.S. food and fiber products can meet their production need 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. 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 $9 million for TASC in FY2012. "Fiscal cliff" legislation (P.L. 112-240) continues TASC funding at $9 million through FY2013.

Separate from these programs, FAS makes available resources, products, and services to help companies explore the potential for international sales of agricultural products. FAS assists both beginning and experienced exporters, targeting especially small- and medium-sized enterprises (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 FY2012 under GSM-102. (See **Table 1**.) 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.)

Table 1. 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	34
Emerging Markets Program (EMP)	10	4	10	10	9	10	10	10
Quality Samples	2	1	1	2	2	2	2	2
Technical Assistance for Specialty Crops (TASC)	2	1	4	7	8	9	9	9
Export Credit Guarantee Program (GSM-102)[c]	1,363	1,445	3,115	5,357	3,090	4,123	5,500	5,500
Facilities Guarantee Program (FGP)[d]	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. P.L. 112-240, the "fiscal cliff" legislation, extends authority to fund USDA export programs through FY2013.

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

d. 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 ITA 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.[3] 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, African Development Bank, and Asian Development Bank) to counsel U.S. companies on working with the Banks and on procurement and contracting issues.

The Commercial Service, through its domestic network of trade specialists, leads U.S. Export Assistance Centers (USEACs), which constitute a key component of support services provided by federal government agencies to U.S. exporters. USEACs are intended to serve as a "one-stop shop" for firms—primarily SMEs—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. In addition to the Commercial Service, the USEAC network also includes participation from the SBA, the Ex-Im Bank, and USDA. Through USEACs, the agencies work to coordinate their export education, promotion, and finance services to U.S. businesses.[4] USEACs coordinate with Foreign Commercial Service posts that provide export assistance services.[5] 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.[6]

The Commercial Service unit's role has expanded beyond export promotion. The Commercial Service houses the SelectUSA Initiative, a federal effort launched by President Obama on June 15, 2011 through Executive Order 13577 to coordinate inward investment promotion.[7]

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

[4] U.S. General Accounting Office (now the U.S. Government 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.

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

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

[7] Executive Order 13577, "Establishment of the SelectUSA Initiative," 76 *Federal Register* 35715, June 20, 2011.
(continued...)

Historically, U.S. inward investment promotion has been conducted largely at the state and local levels. As part of SelectUSA, Foreign Commercial Service officers in overseas markets now also promote opportunities to invest in the United States.[8]

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.[9]

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 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.[10]

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.[11] 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.

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SelectUSA incorporates the prior federal investment promotion effort, Investment in America.

8 SelectUSA, "Frequently Asked Questions." The SelectUSA website is accessible at: http://selectusa.commerce.gov/.

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

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

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

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 2**).[12] 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. On February 28, 2012, President Obama issued Executive Order 13601 to establish a new Interagency Trade Enforcement Center (ITEC), for the purpose of strengthening and coordinating enforcement of U.S. rights under international FTAs and of U.S. trade laws.[13] The Administration's FY2013 request for ITA includes an increase of $24.0 million to help create an ITEC for this purpose (see also USTR discussion). 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.[14]

Table 2. Funding Levels for the International Trade Administration: FY2002-FY2013

(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**

[12] Executive Office of the President (EOP), Budget of the United States Government, Fiscal Year 2013.

[13] The White House, Office of the Press Secretary, "Executive Order—Establishment of the Interagency Trade Enforcement Center," February 28, 2012.

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

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 (Ex-Im Bank)[15]

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. Congress has authorized the Ex-Im Bank through FY2014 (P.L. 112-122). The 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. As part of the annual appropriations process, Congress sets an upper limit on the level of the Bank's financial activities (see **Table 3**).

Ex-Im Bank is viewed as having a key role in federal export promotion efforts under the NEI. In FY2012, the Ex-Im Bank approved 3,796 transactions of credit and insurance support, which amounted to $35.8 billion in authorizations. The Ex-Im Bank estimated that its credit and insurance supported nearly $50 billion worth of U.S. exports in FY2012. The Ex-Im Bank also estimated that the exports supported by its financing were associated with 255,000 U.S. jobs in that year.[16] While the Ex-Im Bank finances less than 5% of U.S. exports annually, a significant portion of its financing is for exports of capital-intensive U.S. goods.

Table 3. 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 is a demand-driven agency. At the same time, Ex-Im Bank programs are subject to 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

[15] 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.

[16] Ex-Im Bank, *2012 Annual Report*, http://www.exim.gov/about/library/reports/annualreports/2012/.

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. The charter further directs the Bank to promote the expansion of its financial commitments in sub-Saharan Africa, but does not include any quantitative target. In FY2012, the Ex-Im Bank continued to provide enhanced levels of financing to small business exporters and exporters of renewable energy exporters (see **Table 4**).

Table 4. Export-Import Bank's Credit and Insurance Authorizations, FY2010-FY2012

(millions of U.S. dollars)

Program	Number of Authorizations			Amount Authorized		
	2010	2011	2012	2010	2011	2012
Total Authorizations	**3,532**	**3,751**	**3,796**	**$24,468**	**$32,727**	**$35,784**
Authorizations for Specific Types of Exports						
Exports by Small Business	3,091	3,247	3,313	$5,053	$6,037	$6,123
Percent of Total	87.5%	86.6%	87.3%	20.7%	18.4%	17.1%
Environmentally Beneficial Exports	108	142	149	$536	$890	$615
Percent of Total	3.1%	3.8%	3.9%	2.2%	2.7%	1.7%
Renewable Energy Exports	27	45	29	$332	$721	$356
Percent of Total	0.8%	1.2%	0.8%	1.4%	2.2%	1.0%
Exports to Sub-Saharan Africa	129	170	163	$813	$1,381	$1,522
Percent of Total	3.7%	4.5%	4.3%	3.3%	4.2%	4.3%

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 must meet several other statutory and policy criteria.[17] 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 proliferation, environmental protection, and human rights. The power to make such a

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

determination has been delegated to the Secretary of State.[18] Provisions in the recent reauthorization legislation may lead to adjustment or clarification of some of these criteria.

Overseas Private Investment Corporation (OPIC)[19]

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's governing legislation is the Foreign Assistance Act of 1961 (P.L. 87-195), as amended. The most recent stand-alone reauthorization of OPIC was through the Overseas Private Investment Corporation Amendments Act of 2003 (P.L. 108-158), which reauthorized OPIC through November 1, 2007. Since then, Congress has extended OPIC's authority through appropriations. The FY2013 continuing resolution extends OPIC's authority through March 27, 2013.

OPIC conducts its activities on a self-sustaining basis to mobilize and facilitate private capital investment in developing countries. OPIC operates in about 150 developing countries and emerging markets.[20] 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 support $75 billion in U.S. exports and more than 276,000 American jobs over time.[21] In FY2011, OPIC provided $2.8 billion for 92 transactions in new market-based financing and political risk insurance to U.S. businesses.[22] OPIC reported that about $1 billion of its project commitments in that year involved U.S. small businesses. OPIC also reported that $1.1 billion of its project commitments in that year supported projects in the renewable energy sector.[23]

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

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

[19] 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.

[20] OPIC website, http://www.opic.gov.

[21] OPIC, *2011 Annual Report: Investing With Impact for 40 Years*, http://www.opic.gov/sites/default/files/docs/051912-annualreport-FINAL.pdf

[22] OPIC, FY2013 congressional budget justification.

[23] 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.

an adverse effect on the U.S. economy or U.S. employment.[24] 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.[25] 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."[26] OPIC further takes into account developmental, environmental, health, safety, human rights, and other considerations when screening projects.[27]

Small Business Administration (SBA)[28]

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.[29] The FY2012 enacted budget for SBA was $918.8 million, and the Administration requested $1.115 million for the SBA in FY2013.

U.S. Department of State[30]

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. On February 21, 2012, Secretary of State Clinton announced that the State Department will implement "Jobs Diplomacy" under the broader Economic Statecraft agenda. The Jobs Diplomacy initiative seeks to advance U.S. economic priorities overseas and create an open, rules-based economic system. Top priorities include supporting the NEI by replicating best practices for export promotion at overseas missions, targeting infrastructure opportunities, increasing support to SMEs, and targeting non-tariff barriers.[31]

[24] 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.

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

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

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

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

[29] 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.

[30] This section draws on language written by Ian F. Fergusson, Specialist in International Trade and Finance.

[31] Department of State, "The State Department: Jobs Diplomacy," press release, February 21, 2012, http://www.state.gov/r/pa/prs/ps/2012/02/184275.htm.

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 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.[32]

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.[33] 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 the Ex-Im Bank, to finance the

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[32] 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.

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

purchase of equipment and services from U.S. engineering/design, equipment supply, contracting, and process license firms.[34]

In FY2012, TDA provided $43.9 million in funding for projects. Feasibility studies represented 32% ($14.1 million) of TDA FY2012 obligations. Technical assistance (which supports legal and regulatory reform in partner countries) constituted nearly one-third ($12.9 million) of obligations. Reverse trade missions have constituted an increasing proportion of TDA activities, accounting for about one-quarter of the value of TDA obligations in FY2012 ($10.5 million). Other activities include studies, workshops, conferences, and trade-related training. TDA identified $2.2 billion in U.S. exports supported by its programs in FY2012.[35]

TDA conducts 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.[36]

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

The USTR, within the Executive Office of the President (EOP), develops, coordinates, and implements U.S. trade policy. The USTR's primary role in export promotion is to expand international market access for U.S. exporters of goods and services. USTR conducts the negotiation and enforcement of U.S. multilateral, regional, and bilateral trade agreements. The USTR has sought to reduce both tariff and non-tariff barriers to trade through these negotiations, as well as to establish rules to govern trade-related areas, such as in investment, intellectual property rights, labor, and the environment. U.S. FTAs are generally comprehensive and high-standard agreements and, in certain areas, go beyond World Trade Organization (WTO) commitments. The USTR presently is negotiating the Trans-Pacific Partnership (TPP) Agreement, which, if successfully concluded, would include commitments allowing greater access by U.S. companies to 11 Asia-Pacific markets.

The USTR also seeks to enforce U.S. rights secured through existing trade agreements. It houses the Interagency Trade Enforcement Center (ITEC).[37] The Administration's FY2013 budget request includes an increase of $2 million for the USTR (the only requested budget increase for USTR), out of a total of $53 million requested for the USTR, to support the creation of the ITEC (see also Department of Commerce discussion). 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.

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[34] TDA, *U.S. Trade and Development Agency 2012 Annual Report*, http://www.ustda.gov/pubs/annualreport/2012/.

[35] Ibid.

[36] 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.

[37] The White House, Office of the Press Secretary, "Executive Order—Establishment of the Interagency Trade Enforcement Center," February 28, 2012.

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 from prior years, a very small portion of the Treasury's budget is directed at export promotion activities.

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, including concerns that existing export promotion programs lacked coordination and an overall strategy.[38]

The TPCC is comprised of 20 member agencies, including the 9 agencies discussed above: USDA, the Department of Commerce, the Ex-Im Bank, OPIC, SBA, the Department of State, TDA, USTR, and the Department of the Treasury. The Secretary of Commerce chairs the TPCC. The TPCC releases an annual report entitled the *National Export Strategy*, discussed below.

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 to ensure that export promotion is a high priority for all relevant agencies.[39] Members of the Export Promotion Cabinet include the nine key Secretaries or Directors of the export

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

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

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.[40]

In a presidential memorandum issued on February 17, 2012, the President sought to ensure the effectiveness of federal trade promotion programs and functions through a strengthened role for the Export Promotion Cabinet. Among other things, the President directed the Export Promotion Cabinet, in coordination with the TPCC, to:

- develop strategies and initiatives in support of the Administration's strategic trade and investment goals and priorities;
- present a unified federal trade budget consistent with the Administration's strategic trade and investment goals and priorities; and
- take steps to ensure the most efficient use of its members' domestic and foreign offices and distribution networks.

The President stated that the Assistant to the President and Deputy National Security Advisor for International Economics shall coordinate the activities of the Export Promotion Cabinet pursuant to the memorandum.[41]

National Export Strategy Report

Since 1993, the TPCC has issued an annual report entitled the *National Export Strategy*. Prior to the NEI, the *National Export Strategy* report generally outlined policy goals to guide U.S. commercial export promotion activities and provided estimates of spending levels for trade promotion by agency and function. In recent years, the report has shifted more to serve as a mechanism for tracking progress in implementing the NEI, which essentially is the Administration's current national export strategy.[42]

2012 *National Export Strategy*

The 2012 *National Export Strategy* report tracks the federal government's efforts in the following NEI priority areas identified by the Export Promotion Cabinet: (1) exports by 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.[43]

It also reports on the Export Promotion Cabinet's plan for maximizing the effectiveness of federal programs on trade and investment, in response to the President's February 2012 memorandum.[44] The Export Promotion Cabinet's plan includes three primary objectives: (1) increase the national base of small business exporters; (2) make it easier for

[40] 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.

[41] 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.

[42] Telephone conversation with TPCC official, January 23, 2013.

[43] *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.

[44] 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.

U.S. businesses to access federal export assistance; and (3) improve strategic delivery of federal export assistance.

In addition, the 2012 report further outlines broader priority areas for the coming year, including: more effective targeting of infrastructure projects to improve U.S. companies' ability to secure infrastructure contracts overseas; strengthening trade promotion efforts in the Asia-Pacific region and Africa; and attracting and retaining more investment in the United States with SelectUSA.[45]

Funding for Export Promotion Activities

In previous years, the TPCC, in its *National Export Strategy* reports, published government funding levels for activities of federal agencies deemed to constitute "trade promotion." 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. 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 *National Export Strategy* 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.[46]

The TPCC has not published trade promotion spending levels in the *National Export Strategy* reports for 2011 and 2012. In part, this may be because of difficulties in identifying trade promotion activities that have emerged in recent years.[47] Although recent trade promotion spending levels are not available, the budgets for prior years in earlier reports may shed light on some trends in the federal government's trade promotion budget authority.

Features of Trade Promotion Budget Data

What follows are some features of the trade promotion budget data in the *National Export Strategy*.

- The *National Export Strategy* report published overall trade promotion spending by each TPCC member agency. It did not provide a further budgetary breakdown on the programs and activities of each agency that are dedicated to export promotion. 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 *National Export Strategy*.
- The trade promotion spending reported for each agency included all or part of the total budget of the agency.

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[45] Trade Promotion Coordinating Committee, *2012 National Export Strategy*, Powering the National Export Initiative: Year 3, Washington, DC, December 2012, http://www.trade.gov/publications/abstracts/national-export-strategy-2012.asp.

[46] U.S. General Accounting Office (now the U.S. Government 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.

[47] Telephone conversation with TPCC official, January 23, 2013.

- Not all of the TPCC member agencies have budget authority for trade promotion activities.[48] Although the *National Export Strategy* report lists 20 member agencies as part of the TPCC, 9 of these agencies requested budgets for programs or activities directly related to trade promotion in FY2012, the latest year for which such data were available from the TPCC.
- 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 *National Export Strategy*. 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 FY2012 trade promotion requested budget authority was $1 million, the agency authorized nearly $36 billion in credit and insurance to finance U.S. exports in that year.

Trade Promotion Budget Trends

Based on data from the TPCC and the *National Export Strategy* reports, 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 (see **Table 5**).

- 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.
- 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.

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

FY2013 funding levels for federal agencies involved in export promotion, when enacted, may be subject to significant cuts in the nondefense category, should sequestration occur under the Budget Control Act of 2011 (P.L. 112-25). Legislation enacted on January 2, 2012 delayed the effective date of automatic spending cuts under the Budget Control Act until March 1, 2013 (P.L. 112-240), the "fiscal cliff" bill.[49] In addition, P.L. 112-240 reauthorized all of USDA's export market development, export credit guarantee, and export subsidy programs through FY2013.

Table 5. 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.

[49] For more information, see CRS Report R42050, Budget "Sequestration" and Selected Program Exemptions and Special Rules, coordinated by Karen Spar.

Issues for Congress

The 113th Congress could conduct oversight and legislate on a number of issues related to federal agencies involved in export promotion, including those discussed below.

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 and financing activities to help create a "level playing field" for U.S. companies competing in international markets.

Others contend that government-funded trade promotion efforts distort free markets because they encourage commercial activities that are not commercially viable, and in doing so, may encourage an inefficient use of resources. Some critics 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.

Coordination of Federal Export Promotion Agencies and Activities

Coordination of the U.S. government's export promotion activities has been of longstanding interest for Congress. The Government Accountability Office (GAO), at the request of Congress, has conducted several studies over the years 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.[50] 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 *National Export Strategy* continues to lack an overall review of member agencies' allocation of resources relative to government-wide export promotion priorities.[51] 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 under the NEI. Supporters believe that the elevation of export promotion as a policy issue to the cabinet level will ensure that it is given national priority.[52] 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.[53]

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. 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.[54] 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.

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[50] 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.

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

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

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

[54] 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.

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.[55] 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, given the perception that the *National Export Strategy* lacks "an overall review of agencies' allocation of resources relative to government-wide export promotion priorities."[56]

Reorganization of Federal Agencies Involved in Export Promotion[57]

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. 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.

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.

In early 2012, President Obama submitted a proposal seeking authority to reorganize and consolidate the business- and trade-related functions of six federal entities—the Department of Commerce, the Ex-Im Bank, OPIC, SBA, TDA, and USTR—into one department. In the 112th Congress, bills based on the proposal were introduced in the Senate (S. 2129) and the House (H.R. 4409). The President may resubmit his request for reorganizational authority in the 113th Congress.

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[55] CRS analysis, data from U.S. Census Bureau and U.S. Bureau of Economic Analysis, U.S. Department of Commerce, *U.S. International Trade in Goods and Services: Annual Revision for 2010*, June 9, 2011.

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

[57] For additional information, see CRS Report R42555, Trade Reorganization: Overview and Issues for Congress, by Shayerah Ilias and CRS Report R41841, Executive Branch Reorganization Initiatives During the 112th Congress: A Brief Overview, by Henry B. Hogue.

The Administration also has engaged in other efforts, within its existing authority, to improve the effectiveness and efficiency of federal trade functions. 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. Among other things, in the memorandum, the President strengthened the role of the Export Promotion Cabinet.[58] The Administration also has created new coordinating bodies, such as the Interagency Trade Enforcement Center and the Interagency Task Force on Commercial Advocacy.[59] Furthermore, the Administration is reviewing a proposal to reorganize the Commerce Department's International Trade Administration, possibly by consolidating two units of the ITA—the U.S. and Foreign Commercial Service unit and the Market Access and Compliance unit.[60]

Congressional Activity on Export Promotion

The 112th Congress passed certain pieces of legislation related to federal agencies involved in export promotion, including the following:

- Several bills were introduced related to the Ex-Im Bank's reauthorization. Ultimately, Congress passed H.R. 2072, P.L. 112-122, to extend the Ex-Im Bank's authority through FY2014. The bill raised the Ex-Im Bank's lending authority incrementally from the previous $100 billion limit to $140 billion in FY2014, contingent on certain requirements. Among other things, it includes provisions related to the Ex-Im Bank's domestic content policy and requirements to conduct international negotiations to reduce and eliminate official export credit activity.
- H.R. 8, P.L. 112-240, the "fiscal cliff" bill, reauthorized all of USDA's export market development, export credit guarantee, and export subsidy programs through FY2013.

The 112th Congress also introduced other bills related to export promotion, including the coordination of federal export promotion activities and the authority of federal export promotion agencies, that generally did not advance beyond the committee stage. They include the following:

- H.R. 4041 would have provided 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

[58] 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.

[59] Executive Order 13601, "Establishment of the Interagency Trade Enforcement Center," 77 *Federal Register* 12981-12983, March 5, 2012. Executive Order 13630, "Establishment of an Interagency Task Force on Commercial Advocacy," 77 *Federal Register* 73893-73895, December 11, 2012 and CRS Report R41495, *U.S. Government Agencies Involved in Export Promotion: Overview and Issues for Congress*, coordinated by Shayerah Ilias.

[60] "OMB Approves Proposal to Reorganize ITA; Commerce to Consult With Hill," *Inside U.S. Trade*, November 21, 2012. "Commerce Mulling ITA Reorganization, Possibly Merging MAC With USFCS," *Inside U.S. Trade*, October 19, 2012.

agencies. The bill also would have provided for the redeployment of Commercial Service officers based on assessments conducted by the Secretary of Commerce on overseas markets with the greatest potential for increasing U.S. exports. In addition, the bill would have required each chief of mission to develop a plan for effective diplomacy to remove or reduce obstacles to U.S. exports. The House passed H.R. 4041, as amended, and referred the bill to the Senate.[61] The Senate version of the bill was S. 2171.

- H.R. 2988 would have required 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; required the Secretary of Commerce to establish a governmental database on foreign sales opportunities in such products and services; required the Secretary of Commerce to monitor and evaluate U.S. export promotion activities with respect to such products and services; and required the GAO to submit reports to Congress comparing the effectiveness of U.S. export promotion activities in this area with those of other major trade competitors.
- H.R. 3976 would have, among other things, directed 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 have directed 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 have increased Ex-Im Bank financing for small business exports and OPIC financing for small business investment.
- H.R. 4221was 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 have expanded 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 have directed 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. An amended version of the companion bill, S. 2215, was reported.
- H.R. 2762 and S. 3627 would have reauthorized OPIC through FY2015.
- S. 3240, the Senate-passed 2012 farm bill and H.R. 6083, the House Committee-reported 2012 farm bill, would have reauthorized funding for the USDA agricultural export market development programs and the Commodity Credit Corporation (CCC) Export Credit Guarantee programs. S. 3240 would have reduced the value of U.S. agricultural exports that benefit from export credit guarantees from $5.5 billion to $4.5 billion annually, while H.R. 6083 would have retained the $5.5 billion level of guarantees. Both bills would have authorized CCC FY2012 levels for MAP, FMDP, EMP, and TASC. (MAP had been targeted in a number of deficit reduction proposals for elimination.) Both

[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.

bills would have repealed the DEIP program. H.R. 6083 would have authorized the Secretary of Agriculture to establish the position of Under Secretary of Agriculture for Foreign Agricultural Services, while S. 3240 would have called for a study of the trade functions of USDA, noting that in implementing the study, the Secretary may include a recommendation for the establishment of an Under Secretary for Trade and Foreign Agriculture. The 112th Congress ended without enacting a new five-year farm bill to replace the expiring 2008 farm bill. S. 3240 and H.R. 6083, including their trade provisions, will likely serve as a starting point in the formulation of a new five-year farm bill in the 113th Congress.

Author Contact Information

Shayerah Ilias, Coordinator
Specialist in International Trade and Finance
silias@crs.loc.gov, 7-9253

Charles E. Hanrahan
Senior Specialist in Agricultural Policy
chanrahan@crs.loc.gov, 7-7235

M. Angeles Villarreal
Specialist in International Trade and Finance
avillarreal@crs.loc.gov, 7-0321

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