

Report to the United States Congress

The 2003 National Export Strategy

The Administration's Trade Promotion Agenda
Unlocking America's Potential

Trade Promotion Coordinating Committee
Donald L. Evans, Chairman

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The Trade Promotion Coordinating Committee (TPCC) is an interagency group chaired by the U.S. Secretary of Commerce. The Export Enhancement Act of 1992 established the TPCC to provide a unifying framework to coordinate the export promotion and financing activities of the U.S. Government, as well as to develop a comprehensive, strategic plan for implementing such programs.

For more information about the TPCC, contact: Trade Promotion Coordinating Committee, Room 3051, U.S. Department of Commerce, Washington, DC 20230; phone (202) 482-5455.

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Letter from Secretary Evans

Dear Mr. President and Mr. Speaker:

As Chairman of the Trade Promotion Coordinating Committee (TPCC), it is my privilege to report on the status of the 2002 National Export Strategy. I am proud to report that over the past year, TPCC agencies have made tremendous progress implementing the recommendations presented by the TPCC in May 2002. These recommendations arise from a greater awareness of exporters' needs, which we gained from a national survey and a series of focus groups last year. We found that while we have many of the right programs and people in place, both large and small companies need the government to function more like a strategic partner, given today's fiercely competitive international environment. In particular, we need:

- a more proactive and coordinated approach—vis-à-vis foreign competition to project development;
- a leap forward in customer service, including a culture of account management and better collaboration among agencies; and
- an expanded outreach effort that fully integrates the marketing strategies of agencies and works more closely with partners in local government and the private sector.

The 2003 report is devoted to the status of the recommendations presented in our 2002 report. In keeping with the President's Management Agenda, we are committed to implementation and results and to using the TPCC as an instrument of continuous management improvement. As federal agencies, we are accountable to the taxpayer. Effective coordination of federal programs is needed to leverage scarce resources. As providers of trade promotion services, we are accountable to our customers, U.S. businesses. And we recognize our training and outreach services must keep pace with a rapidly changing business environment.

To date, about a third of last year's recommendations have been fully implemented. For most of the remaining recommendations, a solution is either imminent or in the making. In the coming year, our goal is to push as many of these initiatives as possible to closure and to begin seeing measurable results. In some cases, the right solution requires a longer-term approach.

2002 Report

In May 2002, the Bush Administration issued its first National Export Strategy report to serve as a road map for the TPCC. As stated by President Bush, this report “sets the course for achieving a world-class system of federal programs that are coordinated, leveraged, and focused on the tools small and large U.S. companies need most to take advantage of emerging trade opportunities.”

The 2002 report can be viewed at www.trade.gov/media/publications/blurbs/nes2002blurb.html. Hard copies are available from the TPCC Secretariat, phone (202) 482-5455.

Highlights of our major accomplishments include:

- The Japanese Government agreed to a U.S. proposal in the Organization for Economic Cooperation and Development (OECD) requiring that front-end engineering and design (FEED) studies be untied when associated with an untied aid project. U.S. consensus building in the OECD, and the TPCC’s recommendation that the U.S. Trade and Development Agency (USTDA) pursue a FEED studies program for the United States, together produced this result.
- The U.S. Small Business Administration (SBA) increased the limit of its *ExportExpress* business development loan guarantee program from \$125,000 to \$250,000.
- The Export-Import Bank of the United States (Ex-Im Bank), SBA, the U.S. Commerce Department’s Census Bureau and International Trade Administration, and the U.S. Department of Agriculture established a joint marketing task force that now meets regularly to coordinate literature and pavilions at major domestic trade shows, trade financing seminars, and direct mail campaigns.
- The Overseas Private Investment Corporation completed cooperative agreements with both SBA and the U.S. Commerce Department’s Commercial Service, enabling these agencies to develop leads and training jointly, as well as share resources on transactions.

Over the coming year, our top priorities will be:

- **Coordination in post-crisis regions.** TPCC agencies’ programs are an important tool in the Administration’s reconstruction efforts in Iraq and in helping strengthen the economies of our coalition partners in Central and Eastern Europe. Agencies are working in a coordinated and quick fashion to involve the U.S.

business community in efforts to stimulate private sector growth. Such efforts may include financing U.S. investment and exports, hosting conferences, engaging in project preparation work, and providing matchmaking services.

“Securing open access to markets abroad is vital to the strength and continued growth of the U.S. economy.”
— *President George W. Bush*

- **Integration of SBA/Ex-Im Bank working capital programs.** The U.S. Commerce Department, Ex-Im Bank, and SBA will explore options to rationalize resources dedicated to small-business trade finance, including marketing efforts and parallel financing.
- **Early project development** teams in key markets have identified projects and pioneered new ways to market the availability of trade financing. As with training, we continue to find ways to work together more effectively.
- Over the last year, agencies have developed a set of procedures for the U.S. Government’s first **mixed credit** pilot program, combining U.S. Agency for International Development grants and Ex-Im Bank financing. The program will be launched formally in April 2003 with instructions to U.S. foreign posts. Over the next year, we will educate posts on how to use the program.
- TPCC agencies can play a significant role in the vital area of **transportation security**. While many of the TPCC agencies are not in the forefront of national defense, the TPCC will develop a major export promotion initiative to assist our international alliance partners in the worldwide war on terrorism, while at the same time supporting our defense goals and increasing U.S. exports. Activities will focus on matching U.S. private sector capabilities with international security needs.
- Creation of an **interagency training program**. This has been perhaps our single most important undertaking. In January 2003, we conducted the first interagency trade specialist seminar to train our field staff to view federal trade promotion as a team approach focused on customer account management. TPCC agencies were extremely receptive to this approach, with nine agencies represented by the participants. Achieving the desired culture shift requires that we extend this training to all field staff and that agencies make a long-term commitment of resources.

With the United States asserting its leadership role in global trade through the

negotiation of new multilateral and bilateral trade agreements, we must deliver accessible and effective services so that U.S. businesses can take full advantage of market openings. This is as important for small and medium-sized firms that are committed to expanding their sales to overseas markets as it is for large U.S. firms that view the entire world as their marketplace.

The Bush Administration is moving ahead on a number of fronts, under the trade promotion authority of the Trade Act of 2002, to create export opportunities for U.S. businesses. Free trade agreements (FTAs) with Chile and Singapore have been negotiated, and final texts are being developed. We are moving forward in FTA negotiations with Morocco and five Central American countries, and we are about to start FTA talks with Australia and the Southern African Customs Union. Negotiation of the Free Trade Area of the Americas has entered a new phase now that countries throughout the Western Hemisphere have made specific offers to cut tariffs and remove trade barriers. And the United States is taking the lead within the current Doha Development Agenda talks in the World Trade Organization to push for broad market access in agriculture, industrial products, and services.

As new markets are opened, exports remain one of the best hopes for raising standards of living and returning healthy growth to the U.S. economy. Workers in jobs supported by merchandise exports receive wages that are 13 to 18 percent higher than the national average. U.S. exports of goods and services support at least 12 million domestic jobs, with one in five manufacturing jobs tied to exports. For agriculture, exports are even more important, as 25 percent of all sales are to foreign markets.

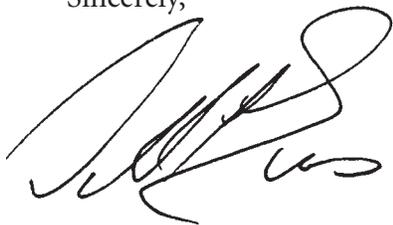
In the current economic environment, it is more important than ever to ensure that the federal programs designed to help U.S. firms develop and compete successfully in overseas markets are as effective and strategically deployed as possible. While a great many factors—such as exchange rates and global economic growth—drive overall demand for U.S. exports, there are several areas in which federal trade promotion can make a significant impact. One such area is improving small-business access to information and finance. From 1992 to 2000, the number of small and medium-sized firms (that is, firms with fewer than 500 employees) exporting goods soared from 108,000 to 239,000. Many of these firms are what we call “robust” exporters: ready, willing, and able to move into even the most difficult markets. At the same time, fully two-thirds of small and medium-sized firms that export sell to only one foreign market, indicating that the small-business sector has vast, unrealized export potential. Looking at the broader business community, our survey of more than 2,000 non-exporting firms last year indicated that 30 percent of them would be interested in exporting if someone pointed the way.

In addition to reporting on the progress of the 2002 recommendations, we have included

a short discussion of planned TPCC activities that will support President Bush's trade agenda. The TPCC has a valuable role to play at the intersection of trade promotion, trade policy, and developmental policy, as trade and investment become ever more important to the developmental aspirations of countries around the world. Over the coming year, the TPCC agencies will complement the Administration's trade capacity-building efforts in emerging markets. We will target commercial infrastructure (such as ports, inland shipping, and telecommunications) that these countries need to become stronger and more productive trade partners, as well as help them develop their small businesses and link them to the international economy. We will focus on countries and regions, such as Central America, already in the process of negotiating free trade pacts with the United States. We will also promote the development of Russia's business climate, drawing attention to examples of successful business environments throughout Russia that point the way to making that country a more welcoming destination for U.S. companies.

Due to ongoing bipartisan support, the TPCC continues to evolve as a mechanism for ensuring a coordinated and strategic approach to exporter needs and Administration priorities. Fulfillment of the TPCC's mandate is a priority of this Administration. The TPCC leadership is committed to giving the TPCC the support it needs to succeed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald L. Evans', with a large, stylized flourish at the end.

Donald L. Evans
Secretary of Commerce and Chairman of the TPCC

Status of 2002 Recommendations

Strategic Approach to Project Development

For a long time we have known that many foreign governments give their exporters high levels of support and use various tactics to give their firms advantages in the global marketplace. However, focus groups last year gave us a better understanding of what our exporters are up against. Leveling the playing field in today's global marketplace requires a partnership between government and industry throughout the life cycles of projects.

Early Project Development

The goal of the TPCC early project development initiative is to ensure that U.S. exporters enjoy the same level of strategic government support as their foreign competitors in the early planning stage of public projects. Exporters tell us that this is the stage in which they lose out not only due to government practices we oppose (see tied aid and market windows discussion below), but also to government practices that simply demonstrate a higher degree of coordination and strategic thinking.

Over the last year, the TPCC agencies have focused on piloting new ways of organizing and deploying their unique strengths. Ex-Im Bank has approved a model “early letter of interest” intended to signal preliminary interest in a project before procurement takes place. The letter will strengthen efforts by U.S. Commercial Service (CS) officers in the field to advocate for U.S. exporters and extend the same customer service offered by competing export credit agencies. To provide earlier coordination of financing and advocacy, Ex-Im Bank and the U.S. Commerce Department's Advocacy Center have signed a memorandum of understanding. The Advocacy Center has also begun working closely with the Office of the U.S. Commercial Liaison to the World Bank to identify promising early project leads.

Initially, we have narrowed our focus to three key countries: China, Mexico, and Russia. We plan to broaden our focus to other target countries at the appropriate time. While each market calls for a special approach, our goal is to develop new tools and protocols for cooperation that could be used in any market or sector.

China: U.S. companies in China face both an overwhelming number of opportunities and an intensely competitive environment. Rather than trying—and likely failing—to tackle all of these opportunities and competitive challenges at once, the U.S. Commerce Department, USTDA, and Ex-Im Bank identified priority projects and sectors in which the competitiveness of U.S. goods and services stands out. These include the Beijing Olympics in 2008; the World’s Fair in 2010; and the medical equipment, environmental protection, wastewater treatment, renewable energy, electric power, and aviation sectors. To help expedite the processing of sovereign risk transactions, Ex-Im Bank and the Chinese Ministry of Finance are pursuing a “framework agreement.” The agreement will facilitate the processing of non-sovereign transactions, which are an increasingly important focus of TPCC business development efforts. Meanwhile, the Overseas Private Investment Corporation (OPIC) remains closed in China. Over the course of the next several months, a number of TPCC agencies’ senior officials will travel to China, promoting U.S. participation in major upcoming procurements.

Mexico: Mexico probably offers more immediate potential than any other market for piloting new approaches to early project development, given its proximity to the United States and openness to U.S. exports. Ex-Im Bank is working with Nacional Financiera S.N.A. (NAFIN), the development bank of Mexico, on a joint marketing and financing initiative. As a component of the Partnership for Prosperity, the initiative will enhance the ability of both institutions to reach out to small and medium-sized businesses in Mexico and the United States to encourage trade. USTDA has entered into master grant agreements with both NAFIN and Banco Nacional de Obras y Servicios Publicos, S.N.C. (BANOBRAS), Mexico’s national infrastructure development bank. The agreements facilitate USTDA funding for technical assistance and other studies and will encourage the early involvement of U.S. companies in projects related to BANOBRAS and NAFIN financing operations for infrastructure projects and small and medium-sized businesses in Mexico.

In September of last year, TPCC agencies successfully pooled their efforts to support a major business conference, which was hosted by Ex-Im Bank and BANOBRAS. The chief innovation was bringing bankers together with 100 municipal buyers and 200 potential U.S. sellers to identify projects eligible for special Ex-Im Bank–BANOBRAS joint financing. The result to date has been 84 eligible projects in 34 Mexican states and municipalities. More importantly, we are actively following up with U.S. participants, closing the loop on project development and advocacy. As a direct result of the conference, Ex-Im Bank is currently evaluating a wind turbine transaction. By highlighting other eligible projects at the American Water Works Conference and Exhibition this June in California, we hope to help generate many more projects for American companies.

Russia: The TPCC agencies believe that Russia is a strategic market for U.S. companies, and that it offers tremendous potential for long-term growth. Although recent gains have

been posted in key industrial sectors, Russia continues to have enormous physical and technological infrastructure needs. Ex-Im Bank has identified several high-profile projects in airport development (in cooperation with USTDA) and telecommunications. Ex-Im Bank is also establishing a working relationship with the Russian Ministry of Transportation. OPIC has more than \$250 million in active projects in Russia, with additional infrastructure projects in the pipeline. USTDA continues to market its program in Russia, and it is involved in a number of projects with small and medium-sized U.S. companies. USTDA is also pursuing new technical assistance activities with broad scope, particularly in electric power and telecommunications sectors.

Ex-Im Bank, OPIC, USTDA, and the U.S. Commerce Department are planning joint business development missions throughout Russia in the spring of 2003. The objective of these missions will be to identify enough opportunities by autumn to conduct a major business development conference, based on the Mexico model, which would bring U.S. companies to Russia to meet potential facilitators and partners at every level of government. In addition, the Russian-American Pacific Partnership, a bilateral working group, will sponsor an investment conference on Sakhalin in July 2003, to highlight major oil and gas projects on Sakhalin, as well as investment opportunities in the Russian Far East.

Tied and Untied Aid

Mixed credit facility: A TPCC working group has launched a pilot mixed credit facility—combining U.S. Agency for International Development (USAID) grants with Ex-Im Bank standard financing. This initiative advances the U.S. Government’s developmental agenda and addresses U.S. exporters’ demands for a U.S. Government response to foreign governments using mixed credits as financing vehicles for development-related capital projects. With the planned transmission in April of a worldwide instructions cable, USAID missions in middle-income countries where Ex-Im Bank coverage is available may begin evaluating developmentally sound capital projects to determine if they qualify for a mixed credit. These facilities should allow missions to leverage scarce grant resources and expand the number of development projects in which U.S. exporters and businesses participate. The working group is now developing detailed procedures for evaluating transactions and educating USAID missions. If successful, this initiative would represent the TPCC’s most significant effort to unite the developmental and export promotion objectives of the TPCC member agencies. Agencies have committed to piloting this approach for two years.

Pilot FEED studies: In late 2002, the United States succeeded in getting Japanese agreement within the OECD to end its longtime policy of offering tied aid for design, engineering, and procurement-related technical services for capital goods procurement for projects subsequently financed with untied aid. This is a major breakthrough. The United States and 12 other OECD Development Assistance Committee (DAC) members

had pressed unsuccessfully during three years (1998–2001) of DAC negotiations for a more limited Japanese FEED study policy change in the course of untying aid to capital projects just in least developed countries (LLDCs). The current agreement, which also applies to less developed countries (LDCs), should help open markets for U.S. exports of design and engineering services and capital goods that were valued at \$57 billion in the 1995–2001 period. The next step is for the United States and other OECD members to develop language to implement this agreement. U.S. engineering and design firms will be critical in determining the most effective way to preempt problems that could arise.

Use of the Tied Aid Credit Fund: Last year's report cited U.S. industry concern over competitor countries' use of aid financing to win major projects and capital goods procurements in developing countries. Of particular concern to the U.S. Government has been Japanese use of untied aid that is *de facto* tied. While the volume of Japanese untied aid has generally been declining over the past few years, the need for untied aid disciplines remains. In fact, untied aid is being offered by other OECD governments on a more frequent basis, confirming the need for disciplines and also undermining U.S. efforts to reach a consensus at the OECD to agree to extending the tied aid disciplines to untied aid. While the United States continues to press for comprehensive disciplines, it will also—as an interim measure—propose formal transparency requirements to better inform exporters and be able to evaluate procurement outcomes.

While Ex-Im Bank maintains a tied aid credit fund to ensure that U.S. exporters have access to competitive financing in response to trade distorting foreign tied aid offers, perceived interagency bureaucratic and procedural hurdles may have limited U.S. exporter interest in submitting requests for tied aid support in 2002. As a means of addressing the transaction processing issues and pursuant to congressional requirements in Ex-Im Bank's 2002 Reauthorization Act, Ex-Im Bank and the U.S. Department of the Treasury transmitted to Congress, in December 2002, the set of principles, processes, and standards governing Tied Aid Credit Fund use that were revised in July 2001.

These new guidelines specify that primary uses for the Tied Aid Credit Fund include countering such actions as *de facto* tied aid (so-called untied aid) and defending U.S. exporters from examples or patterns of use that effectively (whether intentional or not) pose a threat to long-run U.S. market share/access in emerging markets. The idea is to respond to reasonable evidence of tied aid use that may create long-run trade advantage for foreign exporters. The guidelines describe what constitutes reasonable evidence required of applicants, and also describe the process in detail, including maximum periods for agency action to ensure responsiveness to U.S. exporters. In 2002, Ex-Im Bank approved one new tied aid project. For more information on tied aid, please access the following Web site: www.exim.gov/tiedaid.html.

Market Windows

Noting that market window¹ institutions, such as Export Development Canada (EDC) and Germany's Kreditanstalt für Wiederaufbau (KfW), may have a major impact on the competitiveness and sourcing decisions of U.S. companies, the 2002 TPCC report recommended commissioning a detailed study of the nature and volume of market window trade financing. To carry out this recommendation, Ex-Im Bank and the U.S. Department of Commerce contracted two academics from the Massachusetts Institute of Technology to design and conduct such a study. The study's final report will draw on extensive interviews with exporters, banks, and officials from EDC and KfW to shed light on the impact of market window financing on U.S. exports. The report is expected by the end of April 2003.

Coordination in Post-Crisis Regions

Last year's report addressed the need for the TPCC to serve as a coordinating entity for the development of appropriate commercial strategies in post-crisis situations, when tasked by the Administration.

Afghanistan: Over the past year, the TPCC has helped coordinate a comprehensive commercial strategy for Afghanistan. We are capitalizing on every available opportunity to coordinate interagency reconstruction activities and facilitate public-private cooperation. Only by involving the private sector as a partner can we bring to Afghanistan the economic vitality it will need to rebuild.

OPIC and USTDA conducted the first joint investment mission to Afghanistan in May 2002. Since then, USTDA has funded orientation visits and feasibility studies for a number of Afghan infrastructure ministries. The U.S. Department of Commerce has meanwhile hosted Afghan-American business roundtables and matchmaking events. The Commerce Department also maintains a Web site (www.export.gov/afghanistan) as a one-stop shop for U.S. businesses interested in Afghanistan.

The U.S. Department of Agriculture (USDA) donated approximately \$40 million worth of food aid to Afghanistan during 2002 to support programs focused on education, infrastructure repair, agricultural recovery, and health and nutrition. Many of the programs emphasize the expansion of employment opportunities (especially for women) and increasing access to basic education. OPIC has provided political risk insurance that will enable a U.S. manufacturer to donate the necessary equipment to construct three schools.

1. A "market window" is a government-owned or directed institution that claims to operate on a commercial basis while benefiting either directly or indirectly from some level of government support.

Pakistan

OPIC has been active and successful in promoting investment in Pakistan. In February 2002, OPIC, Ex-Im Bank, and USTDA joined to form the first investment development mission from the United States after the terrorist attacks of Sept. 11, 2001. In the past year, OPIC has supported nearly \$350 million in projects in Pakistan, including significant projects in financial services, information technology, and power. The commitments by OPIC fulfilled and exceeded OPIC's 2001 pledge of a \$300 million line of credit to promote U.S. investment in Pakistan.

Early this year, USTDA provided a grant to the Karachi Port Trust in support of a proposed 25 million gallon per day desalination plant project. Karachi is experiencing a dire potable water shortage and this project would result in a significant increase in the supply of potable water to this rapidly growing city of 12 million inhabitants.

Ex-Im Bank also has been active in Pakistan. In February 2002, Ex-Im Bank authorized a \$125-million, short-term letter of credit program for Pakistan. Under the program, Ex-Im Bank insures letters of credit issued by several Pakistan banks to support the export from the United States of consumer goods, spare parts, raw materials, and bulk agricultural products. In February 2003, Ex-Im Bank authorized a loan guarantee to support the sale of three Boeing 777 commercial jet aircraft and spare parts to Pakistan International Airlines.

In the coming year, agencies will intensify their efforts on all fronts. USTDA and the U.S. Department of Commerce are sponsoring a major trade and investment conference in June in Chicago. In March 2003, OPIC signed a memorandum of understanding with the Afghan Government and U.S. sponsors to provide \$35 million in finance and insurance for the construction of a five-star international hotel in Kabul, managed by Hyatt International. Additional projects are in the pipeline. Given its success thus far, OPIC has agreed to raise its available line of credit for Afghanistan from \$50 million to at least \$100 million.

Better Customer Service

The 2002 National Export Strategy called for agencies to respond to businesses' need for better, more coordinated client service from federal trade promotion agencies. Both large and small companies expressed a desire to work with agency personnel who could take a holistic approach to their international trade plans and guide them through the maze of programs and services available. At the core of several recommendations in the 2002 report were actions aimed at developing account management skills and work tools to facilitate a more collaborative approach to client service. Several agencies have now combined forces to address these recommendations by crafting training and technology solutions. While major progress has been made in initiating these programs, it is clear that sustained commitment will be required to ensure that all of the agency personnel

who directly interact with companies will have access to these programs.

Training

A key area of collaboration has been the development of an interagency training program designed to impart client management skills and broader knowledge of the programs and resources that are available to assist U.S. firms in the international marketplace. The pilot training course was delivered in January 2003, with participants from nine different TPCC agencies including Ex-Im Bank, SBA, OPIC, USTDA, USAID, and the Departments of Agriculture, Commerce, State, and Transportation. Representatives from private industry and government agencies delivered presentations designed to fulfill the course objectives of “training experienced international trade officers on the full range of export promotion programs and services offered by TPCC agencies.” The training focused on the real-world application of these programs and services to drive successful export marketing campaigns for American companies, especially small and medium-sized enterprises (SMEs). Feedback from training program participants included:

“I think this training really helps everyone recognize that we are all a team with the same goal—serve the business.”

“I definitely think that the training should move forward. It is invaluable to get together with our colleagues in other agencies.”

The goal is to expose most of the field staff to interagency training to facilitate collaboration and problem solving for clients. Feedback from the pilot program will be used to modify the format and content of the course so that it can be offered on an ongoing basis. In addition, interagency job details are being used to supplement the classroom-style training.

Client Relationship Management

U.S. exporters have complained that they are required to provide information to a variety of Government agencies for several different purposes, ranging from the Shipper’s Export Declaration with U.S. Customs Service to an application for Gold Key Service with the CS.

The TPCC has responded by developing the One-Stop, One-Form database, which was successfully launched in December 2002 by the U.S. Commerce Department’s International Trade Administration (ITA) and USDA (more than 5,000 companies are already registered). The database allows small business exporters to register at www.export.gov to receive information on U.S. Government export programs and

services, and reduce the amount of time required to fill out forms. Information from common data fields (name, address, business, etc.) is passed electronically to participating agencies and used to populate their forms and create customer profiles. We are now continuing our efforts to connect Ex-Im Bank and the U.S. Commerce Department's Bureau of Industry and Security (BIS), and Census Bureau. Plans call for bringing other U.S. Government partners on board over the coming months. In addition, this registration process may eventually form the basis for the development of an interagency client management system.

More Accessible and Effective Trade Finance

Making it easier for small businesses to obtain working capital and trade finance has long been a desire of exporters. This has become especially important as many international markets are growing slowly and the level of competition is increasing. To make it easier for small business exporters to understand and obtain appropriate federal financial support, SBA and Ex-Im Bank have been working to develop unified solutions as to how the agencies can integrate their export working capital loan programs. Both agencies are working on an agreement that will enable them to provide parallel financing for working capital transactions.

Ex-Im Bank recently instituted major organizational changes to enable it to become more market-focused and customer-driven while enhancing risk management. As part of the new organizational structure, three divisions were created: a unified Export Finance Group (devoted to account management and supervising transaction relationships across all Ex-Im Bank financing products), an independent Credit and Risk Management Group (to provide consistent credit standards and oversight), and a Communications Group (encompassing existing public affairs and marketing functions). The changes are designed to streamline case processing and standardize customer service and credit evaluation across all product lines. Small businesses in particular will benefit from this increased consistency and ease of access.

Services Sector Exports

Last year's report focused attention on the importance of the services sector to U.S. jobs and exports. Over the past year, agencies have taken steps to ensure that their programs and processes promote both goods and services exports. To build our own public-private partnerships, we have also looked at how other countries work with industry.

Travel and tourism: In the spirit of expanding travel and tourism opportunities through public-private partnerships, the U.S. Commerce Department has initiated joint activities with the Government of Japan. On April 19, 2002, Commerce Secretary Donald L. Evans and Minister Chikagi Oogi of the Japanese Ministry of Land, Infrastructure, and Transportation signed a memorandum of understanding to foster mutual economic

growth and improved cross-cultural exchanges of friendship and understanding between the two countries. The goal is to regain momentum and, by 2006, set new records in the number of visits between the United States and Japan. U.S. and Japanese industry leaders will co-chair a council comprised of two working groups. These working groups will focus on effective collaboration in six areas: marketing and promotion, product development, public and media relations, research and information, education and training, and safety and security.

In May 2002, USTDA sponsored “Destination Eurasia: Building Infrastructure for Tourism in Istanbul, Turkey.” The conference brought together more than 200 representatives of Eurasian companies and governments; U.S. and other financing institutions; American companies involved in construction and engineering, hotel supply, transportation, and consulting; and senior U.S. Government officials. CS officers from throughout the region participated in the event, along with OPIC and Ex-Im Bank officials and a number of American ambassadors.

The conference marked the first time that USTDA highlighted tourism as a sector for development and for showcasing U.S. goods and services. It profiled more than 60 projects in Eurasia that would contribute to the development of tourism infrastructure. These projects represent over \$200 million in potential U.S. exports. They focused on road construction, water treatment, hotel development, and recreational facility development. More than 35 delegates from 12 countries participated in the conference, including several ministers of tourism.

Outreach: Education and Partnering

Although American businesses’ awareness and use of U.S. Government trade promotion services increased greatly between 1996 and 2002, familiarity with these programs is low compared with the large number of firms that could benefit from them. Moreover, small and medium-sized companies need a great deal of help in navigating the vast array of assistance that is available. Key TPCC agencies have taken steps to address these issues through increased outreach and educational efforts that involve collaboration of several agencies. However, because the universe of potential clients is constantly changing and the programs themselves change frequently in response to changing market dynamics, there will be an ongoing requirement for jointly sponsored outreach efforts. International markets respond every day to economic, political, and technological changes. In order to keep U.S. firms abreast of these changes, agencies must provide continually updated outreach and trade education programs.

Joint Marketing

An interagency marketing task force has been formed to develop and execute a joint

marketing strategy designed to reach U.S. exporters. This effort includes a direct mail campaign, participation in major trade shows, exporter symposiums, and other activities to educate exporters about opportunities and resources available through federal trade promotion, financing, and investment programs.

Direct mail: ITA, Ex-Im Bank, SBA, and OPIC have planned a joint, targeted mail campaign. This campaign establishes a cost-effective method to reach virtually every company in the United States that exports. A recent direct mailer identified 500 small businesses as potential users of federal export promotion services. The leads are passed on to the most appropriate agency for follow-up. This effort will continue throughout the coming year.

Trade shows: The U.S. Census Bureau's Foreign Trade Division, ITA, Ex-Im Bank, and SBA have together created Export Assistance Pavilions at five major industry shows. These events have proven to be cost-effective lead generators for each agency. The pavilions also house the National Customs Brokers and Forwarders Association, present to ensure that firms have access to critical logistics support as they move into foreign markets. In addition, the TPCC interagency marketing task force is now exploring events at which it can cooperate with the USDA's Foreign Agricultural Service (FAS), whose outreach staff attends at least a dozen domestic food and agricultural product trade shows every year.

Integrated call center services: ITA's Trade Information Center (TIC) and Ex-Im Bank have signed a memorandum of understanding to improve interagency customer support. Individuals who call Ex-Im Bank's toll-free number, (800) 565-EXIM, seeking general export and trade-finance assistance or information on federal trade programs are to be directly routed to the TIC. The TIC provides counseling and information to nearly 70,000 customers annually on export start-up, documentation, country and customs requirements, and other federal trade resources. Ex-Im Bank staff is also at the TIC to answer inquiries on Ex-Im Bank programs. The TIC can be reached by phone at (800) USA-TRADE, or on-line at www.export.gov/tic.

Trade Education

Exporter symposia: Ex-Im Bank, SBA, and ITA are sponsoring the Exporter Symposium series. A total of nine such programs are scheduled for this fiscal year throughout the United States, providing information on trade finance, trade regulations, and other trade-related services offered by TPCC members to small and medium-sized firms. To date, more than 200 exporters have attended these events and are now in various stages of engaging the services of the appropriate TPCC agencies.

E-TAP: An important finding of our nationwide survey last year was that exporters view

basic “how to export” information as one of the most important services we provide, and that 30 percent of small businesses would consider exporting if the appropriate “how to” information were available. SBA’s Export Trade Assistance Partnership (E-TAP) is the primary seminar and mentoring program of the U.S. Export Assistance Center (USEAC) network for companies that are new to exporting. While its main focus is to prepare the next generation of exporters, it also meets the employee training needs of current exporters. Therefore, we committed last year to identifying ways we can improve and expand this important program.

We have taken the first major step in that direction. Over the last year, CS survey experts conducted a poll of E-TAP participants from the last two years. The results help us to understand better what participants expect to get out of the program and how we can better design and deliver the program in the future. E-TAP fared well overall, with 88-percent satisfaction and 61 percent attributing follow-on exports to the program. In terms of program content, participants recommended a more detailed or customized curriculum (e.g., focused on a particular industry). Several respondents indicated that mentoring and trade event topics were not adequately covered. Finally, there was considerable support (68 percent) for a distance learning/Internet E-TAP offering. In terms of future marketing and awareness, half the respondents first heard about E-TAP from the private/non-profit network of Small Business Development Centers (SBDCs). Sixty-four percent of surveyed companies had exported prior to the program. Over the next year, federal USEAC partner agencies (CS, SBA, and Ex-Im Bank) will use these findings to develop a new and improved E-TAP.

USDA Farm Bill briefings: USDA’s Office of Outreach organized a series of briefings across the United States on the 2002 Farm Bill and USDA programs and services. Briefings in more than 10 states were designed to connect USDA customers with agency programs and services while highlighting changes and provisions in the 2002 Farm Bill. Special emphasis was placed on how USDA can better serve non-traditional and traditionally underserved customers. Specific sessions conducted by FAS promoted USDA export programs and services and provided attendees with an exporter matrix outlining USDA and U.S. Department of Commerce export assistance programs helpful to new-to-export agribusinesses.

U.S. export regulations seminars: The U.S. Treasury Department’s Customs Service and Office of Foreign Assets Control, and the U.S. Commerce Department’s Census Bureau, ITA, and BIS hold over a dozen export regulations seminars annually to counsel U.S. businesses on export shipping documentation, licensing requirements, prohibited countries and parties, and qualifying products under the North American Free Trade Agreement (NAFTA). The audience consists of U.S. exporters, freight forwarders, customs brokers, state and local trade-promotion agency representatives, and port authority staffs. Approximately 100 U.S. exporters attend each seminar.

State and Local Partners

As mentioned in the 2002 National Export Strategy report, states and local agencies are frequently the first places that businesses go to for help in doing business internationally. Although many states devote considerable resources to international trade, in times of budget shortfalls and deficits, it is critically important that federal agencies collaborate as closely as possible with their state counterparts to leverage scarce resources so that these services remain a priority. When state and federal partners work closely together to provide services, they can help to minimize confusion on the part of potential exporters. This year, several states have taken advantage of opportunities for collaboration.

New Jersey: The CS and the state of New Jersey signed a partnership agreement in January 2003. The agreement establishes a joint location of the CS and the New Jersey Commerce and Economic Growth Commission's Office of International Trade and Protocol. These offices now provide New Jersey companies with an array of one-stop shopping services, including export counseling, international contacts, videoconferencing, market research, and product and service promotion. Additional benefits of the partnership include New Jersey's access to CS worldwide databases, as well as greater emphasis on targeted minority and women-owned enterprises.

Other collaborative efforts have included a successful trade mission to the Philippines and substantial outreach to state legislators to educate them about the resources available for helping local firms compete internationally. State and federal staff routinely work together, counseling firms and ensuring that they are directed to the most appropriate resources.

Michigan: CS's Grand Rapids office played a critical role in training the business counseling staff of the state of Michigan. The staff regularly calls on Michigan businesses to assist them in their international expansion efforts, enabling them to make well-informed referrals to their federal counterparts. State economic development officers will also be able to expand their assistance by effectively partnering with federal resources available in their state. Michigan has been grappling with a serious budget deficit, and its export promotion programs have been struggling. Therefore, the state's business counseling staff enthusiastically welcomed CS collaboration in enhancing its portfolio.

Florida: In January 2003, CS Director General Maria Cino joined Florida Governor Jeb Bush in signing a memorandum of understanding that expanded an existing trade alliance to include some 15 trade organizations throughout Florida. The new partnership builds on the alliance between federal USEAC partner agencies (CS, Ex-Im Bank, and SBA), Enterprise Florida, and the state's six World Trade Centers, as well as the Florida District Export Council. The partnership includes a network of SBDCs, chambers of commerce, and economic development centers. Areas of collaboration include training,

business counseling, and trade finance facilitation. USEAC staff met with their counterparts from Enterprise Florida for an all-day planning session. This session, which marked the first time such an “all hands” meeting had been convened, covered a variety of topics illustrating the growing collaborative activity between the federal and state trade infrastructure. The session also set the stage for further collaboration, including trade missions, videoconferences, and joint calendaring of major trade events.

In states with smaller numbers of potential exporters and widely dispersed rural populations, such as Idaho and Alaska, the U.S. Export Assistance Centers have formed close alliances and share office space with state economic development offices. Shared offices allow for economies of scale by leveraging federal and state resources.

Ag Team: USDA has established a partnership at the national level between FAS, CS, the state regional trade groups (SRTGs), and state departments of agriculture. This partnership, known as the Ag Team, represents a new level of cooperation among USDA, the U.S. Commerce Department, and states. A new set of standard operating procedures (SOP) now defines the roles of Ag Team partners to enhance collaboration, contact sharing, and knowledge of and referral to each other’s programs to benefit U.S. exporters. This new arrangement has had a tremendous effect on how partners work together. The Ag Team has conducted joint training sessions for partners covering 47 states, created a joint publication, *Exporter’s Matrix: Handbook for U.S. Agribusiness*, and developed a new model for cooperation through the SOP. The establishment of solid relationships and initiatives in several states and regions has improved the day-to-day cooperation between partners. FAS staff currently reach out to domestic U.S. Commerce Department and SBA offices while on travel, looking for new opportunities for joint activities.

Investment

As noted in the 2002 report, companies rarely restrict their international commercial activity to exporting. Businesses find that investment often accompanies or precedes substantial export growth. As the U.S. agency charged with mobilizing developmental investment in emerging markets, OPIC engaged in a number of activities in 2002 to reach out to the business community and to develop opportunities in priority markets.

Small business: In September 2002, OPIC signed the Small Business Initiative with the SBA, which allows for greater training, lead generation, and coordination between the agencies. At the same time, OPIC launched its Small Business Center, coordinating OPIC expertise for the development of small business deals through a streamlined approval process aimed at reducing costs and cycle time for small U.S. businesses. OPIC has also entered into a memorandum of understanding with the CS in order to ensure that the services offered by OPIC are as widely available as possible.

Conferences: In 2002, OPIC and other trade finance agencies participated in two significant conferences. In October, more than 200 companies from the Andes region participated in the Andean Regional Trade and Investment Conference, organized by OPIC, Ex-Im Bank, and USTDA to support economic development in the Andean region. In November, 50 companies participated in the U.S.-Serbia Business Conference in Belgrade. The two-day forum, organized with the help of the U.S. Commerce Department, brought together American firms and U.S. and Serbian officials to discuss reform efforts and investment opportunities.

Sub-Saharan Africa: During the AGOA Forum of 2001, OPIC pledged \$200 million for a support facility to promote U.S. investment in sub-Saharan Africa. Since the forum, OPIC has approved more than \$600 million in projects for sub-Saharan Africa. These include a housing deal in South Africa that will provide shelter for up to 500,000 low-income South Africans, financing for a port and rail upgrade in Mozambique, a direct loan that will allow Ghana and Kenya to drill for potable water, and an innovative project that will tie mortgage lending to HIV/AIDS treatment in South Africa, helping to stem the pandemic while stabilizing the housing market.

Russia: In December 2002, OPIC's board of directors approved a \$210 million investment fund for Russia to support fast-growing, medium-sized companies in Russia and neighboring countries.

Supporting the Administration's Trade Agenda

By focusing most of this report on the implementation of last year's recommendations, the TPCC agencies are committed to making our export promotion programs and services more responsive to U.S. exporters' needs. By the same token, strengthening this commitment enhances the Bush Administration's good stewardship of taxpayer dollars. But the TPCC agencies have also served an important supporting role to larger Administration initiatives in assuring coordinated U.S. government commercial policy responses to unforeseen events. U.S. trade and investment policy has increasingly become intertwined with U.S. national economic and security policy. Trade and investment, and their power to benefit everyone, have become important elements in our relationships with key countries and regions. It is in this context that we present some areas in which the TPCC agencies will be working in the coming year to support the Bush Administration's overall trade agenda.

Capacity Building

As the U.S. Government sets out to negotiate new trade agreements, many developing countries seek assistance in building the capacity to participate in trade agreements, implement trade agreements, and respond to new opportunities created by trade agreements. Regarding this third area, countries are looking for help in strengthening their commercial environments and enabling their private sectors to benefit from greater exposure to the global marketplace. The TPCC agencies play an important role in support of our trade agenda by coordinating commercial aspects of our capacity-building assistance. With its statutory mandate to coordinate the trade promotion and financing programs of the Federal Government, the TPCC includes agencies with particular expertise in areas such as small business, infrastructure development, and outreach. Combining our trade and development efforts in a more coordinated fashion will not only strengthen our negotiating position, but also leverage resources so that programs of multiple agencies are mutually reinforcing.

For example, the TPCC agencies are supporting such efforts in Central America and

Southern Africa as part of broader initiatives of the U.S. Trade Representative (USTR) and negotiation of FTAs with Central America and the Southern African Customs Union (SACU). In support of these efforts, the TPCC agencies are interested in working together in the following areas:

- Small business development: helping countries establish small-business development centers; providing seminars on the financing needs of small and women-owned businesses.
- Infrastructure development: facilitating the development of integrated energy grids, transportation, tourism, and telecommunications industries.
- Public-private sector outreach: developing constituencies for reform efforts and more effective government.
- Standards and technical regulations training and assistance.
- Benefits of eliminating tariffs: educating countries on alternative revenue sources to tariffs.
- E-commerce development: linking private sectors for matchmaking.
- Promotion of environmental technologies.

Based on what we learn in the Central American Free Trade Agreement (CAFTA) process, the TPCC agencies should continue and improve their support of the Administration's trade negotiations agenda. Placing trade negotiations into the context of a broader trade and development strategy will bring the mutual benefits of new agreements closer to home for both U.S. exporters and our trading partners.

Southern African Trade Officials Visit the United States

USTDA sponsored, in cooperation with USTR, a delegation of 25 lead trade negotiators from Botswana, Lesotho, Namibia, South Africa, and Swaziland to travel to Washington, D.C., and New York City, to meet with their U.S. Government counterparts and private sector and civil society organizations. All of this was in preparation for the start of U.S.-SACU FTA negotiations. Discussion topics included the role of the private sector in trade negotiations, the benefits of liberalized trade for small and medium-sized enterprises, new issues critical for development in the 21st century, interagency processes, and how the United States approaches trade negotiations. The visits are paving the way for a successful launch of the FTA negotiations.

Promoting Development of Russia's Business Climate

A key priority of the Bush Administration is to encourage and facilitate the integration of Russia into the global economy. To date, U.S.-Russian economic engagement is relatively minor. While we have sought to encourage Russian growth by flagging inadequate or obstructive aspects of the Russian business environment, we see value in complementing this approach by identifying and affirming Russian practices that have succeeded in attracting long-term, direct investment. To this end, the TPCC has begun working to identify, through case studies and other sources, instances in which actions or policies of Russian officials have succeeded in attracting investment and encouraging business growth. As a sustained approach, this effort can be coordinated with the ongoing work of the Russian-American Business Dialogue, used in investor conferences and other fora to highlight cases in which economic reform has borne fruit for Russia, and of help in broadening consensus within Russia for further beneficial reforms.

Transportation Security

The terrorist attacks on Sept. 11, 2001, illustrated how critical the international transportation system is to trade, as well as to economic and national security. Economies must promote the efficient and reliable movement of people and goods across borders, while preventing the tools of transportation from becoming tools of terrorism. In October 2002, the United States and other APEC² members developed the Secure Trade in the APEC Region (STAR) initiative at a summit in Los Cabos, Mexico. This initiative includes accelerating efforts to screen people and cargo for security before transit, increasing security on ships and airplanes while en route, securing private supply chains, and enhancing security at airports and seaports. Twenty-one of the world's top seaports and 23 of its busiest airports are located in APEC member economies.

TPCC agencies recognize the importance of this initiative to trade and our economic welfare and are working to provide assistance around the world for security capacity building and other related activities. In February 2003, USTDA sponsored the official launch of the STAR initiative at the Conference on Secure Trade in the APEC Region, in Bangkok, Thailand. Public and private sector leaders from throughout the region met and discussed ways to improve security and efficiency at seaports, airports, and other access points.

2. The Asia-Pacific Economic Cooperation (APEC) forum is the primary international organization for promoting open trade and economic cooperation among 21 member "economies" of the Pacific Rim.

USTDA co-sponsored the conference with the U.S. Department of State. Ex-Im Bank and the U.S. Commerce Department also participated. More than 325 participants from all 21 APEC member economies attended the event, as well as senior representatives of major private corporations and international organizations, such as the International Maritime Organization, the World Customs Organization, and the World Bank.

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Early Project Development</p> <p>DOC, Ex-Im Bank, USTDA, OPIC, and State will formalize cooperation to proactively develop project opportunities in pilot countries.</p>	<p>DOC, Ex-Im Bank, USTDA, with State and OPIC</p>	<p>Pilot country working groups:</p> <p>Mexico: Ex-Im Bank and BANOBRAS hosted an environmental infrastructure conference, September 2002, Mexico City. Identified 84 municipal projects.</p> <p>China: <i>Federal Register</i> notice to get list of U.S. companies interested in 2008 Olympic Games in Beijing. Ex-Im Bank is exploring a finance facility for Beijing Olympics. Environmental and energy/power projects identified.</p> <p>Russia: Airport and telecommunications projects identified.</p> <p>Ex-Im Bank has completed a model early letter of interest.</p> <p>Advocacy Center/Ex-Im Bank MOU to provide U.S. firms advocacy early in the life of a project.</p> <p>Advocacy Center is now working with the Office of the U.S. Commercial Liaison to the World Bank to review leads.</p>	<p>Mexico: Ex-Im Bank/BANOBRAS conference follow-up: DOC/Ex-Im Bank technical seminar/matchmaker at American Water Works Conference and Exhibition, June 2003, Anaheim, Calif.</p> <p>China: Ex-Im Bank Framework Agreement with China. Ex-Im Bank/USTDA senior official trips. USTDA is sponsoring financial services conference.</p> <p>Russia: Ex-Im Bank/Advocacy Center trip in the spring. USTDA is to develop the latest project list to be circulated.</p> <p>Brazil: Team to continue exploring potential transactions.</p> <p>Teams to begin coordinated use of early letters of interest.</p> <p>Advocacy Center to update project-tracking software, Web site, and database linkages.</p>	<p>Institutionalized interagency process to identify and jointly pursue projects at a very early stage.</p> <p>Early projects identified; project teams work together to advocate for U.S. exporters.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Early Project Development (cont.) Agencies will build systemwide cross-training and personnel infrastructure.</p>		<p>Working groups to include inter-agency consultations during SCOs' trips to Washington, D.C.</p>	<p>Develop systematic training of CS officers abroad; integrate with larger TPCC training/rotations initiative.</p>	
<p>Tied and Untied Aid USTDA will begin a pilot program of financing front-end engineering and design studies if Japan fails to deliver on its new OECD commitment to untie these studies for its untied aid projects.</p>	<p>Treasury, Ex-Im Bank, USTDA, USAID, State, OMB</p>	<p>In September 2002, Japan accepted a U.S. proposal in the OECD to define a capital goods project as including FEED studies and committed to untie these studies for its untied aid. U.S. firms should face fewer trade distortions.</p>	<p>Treasury is waiting for U.S. engineering and design firms to identify potential implementation problems, for when the United States negotiates with Japan on formal language for the OECD Arrangement.</p>	<p>OECD agreement to include FEED studies in definition of a (tied aid) project codified.</p>
<p>Pilot project to finance selected commercially nonviable and developmentally sound projects with mixed credits in certain middle-income countries.</p>	<p>USAID, Ex-Im Bank, Treasury</p>	<p>Identified country and project scope of pilot; established procedures and oversight group. Budget guidance out to USAID posts. TPCC Secretariat visited USAID mission in Peru to explain program, possible projects pending.</p>	<p>Detailed instructions cable being sent to foreign posts. Missions to identify projects; vet with oversight group.</p>	<p>Number of developmental projects utilizing program; leveraged USAID support of more developmental activity.</p>
<p>Use the Tied Aid Credit Fund to leverage cooperation of untied aid donors for OECD agreement on untied aid disciplines.</p>	<p>Treasury, Ex-Im Bank</p>	<p>Ex-Im Bank/Treasury subgroup developed language on criteria and transmitted language to Congress.</p>	<p>Continue implementing tied aid principles and procedures developed July 11, 2001. They will be available on Ex-Im Bank's Web site.</p>	<p>OECD untied aid negotiations are initiated.</p>
<p>Use the Tied Aid Credit Fund to defend U.S. exporters against the unfair use of tied aid.</p>	<p>Ex-Im Bank, Treasury</p>	<p>Ex-Im Bank/Treasury subgroup developed language on criteria and transmitted language to Congress.</p>	<p>Continue implementing tied aid principles and procedures developed July 11, 2001. They will be available on Ex-Im Bank's Web site.</p>	<p>Support for OECD tied aid rules maintained; continued drop in trade-distorting aid.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Market Windows</p> <p>Completion of a study of the impact on U.S. exporters of competitor country market windows.</p>	<p>Ex-Im Bank, DOC input from Treasury</p>	<p>Resources identified, terms of reference developed. Study authors identified and contract negotiated.</p> <p>Authors have had general meetings with exporters and are conducting one-on-one interviews.</p>	<p>Final document April 2003.</p>	<p>Complete study; interagency review of results; consideration of possible recommendations.</p>
<p>Advocacy for the Life of a Project</p> <p>Establish a process for delivering coordinated U.S. government support throughout the life of viable projects.</p>	<p>DOC, with State, USTR</p>	<p>Internal ITA discussions under way.</p>	<p>Proposal on interagency steps to better communicate compliance/advocacy assistance services.</p>	<p>Awareness strategy.</p>
<p>Post-Crisis Regions</p> <p>TPCC will serve as a coordinating entity.</p> <p>TPCC will coordinate a commercial approach to reconstruction of Afghanistan and will be available to national security policy-makers for other post-crisis situations.</p>	<p>DOC with USTDA, finance agencies, State, and USAID</p>	<p>USTDA funded:</p> <ul style="list-style-type: none"> • orientation visits for the Afghan Minister of Water and Power (December 2002) and Minister of Mines and Industries (January 2003). • feasibility studies for the Afghan Ministry of Communications and Ministry of Mines and Industries. • a definitional mission to Afghanistan for the oil and gas sector. • training for Afghan air traffic controllers. 	<p>DOC will host roundtables with Afghan-American businesses in Los Angeles, San Francisco, and Dallas.</p> <p>DOC/USTDA will co-sponsor a trade and investment conference, June 8–10, 2003, in Chicago, on the rebuilding of major infrastructure in Afghanistan and projects for key sectors.</p> <p>DOC proposed training of Afghan officials and businesses on GSP use.</p> <p>USTR is taking the lead on an interagency process to develop U.S. trade policy for Afghanistan.</p>	<p>More coordinated, effective commercial strategy that is responsive to private sector interests.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Post-Crisis Regions (cont.)</p>		<p>TPCC agencies involved in effort to get GSP for Afghanistan.</p> <p>DOC hosted a roundtable in January with the Afghan-American business community in Washington, D.C.</p> <p>DOC revamped its Web site, www.export.gov/afghanistan. The site is updated regularly and is a comprehensive resource for U.S. businesses interested in rebuilding Afghanistan.</p> <p>DOC supported the U.S.-Turkish Relations Annual Meeting in March, recruiting and matching U.S. construction and engineering firms interested in partnerships with Turkish companies to rebuild Afghanistan.</p> <p>Strategy pending.</p>	<p>Completion: April 2003</p>	<p>Coordinated message and outreach to V-13 countries across agencies.</p>
<p>TPCC will coordinate development of menu of programs to strengthen economic ties with V-13 countries (Albania, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Slovakia, and Slovenia).</p>				

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Cross-Promotion</p> <p>OPIC and SBA will implement a cooperative agreement to streamline approval processes.</p> <p>OPIC and DOC will implement a cooperative agreement to jointly promote OPIC programs to small business exporters.</p> <p>Coordinate technology procurement to eliminate duplication and deliver more seamless services.</p> <p>Create online registration form (One Stop, One Form) for use by all TPCC agencies.</p> <p>Create a shared client database.</p> <p>CS will provide complete solutions focused on enhancing a firm's global competitiveness.</p>	<p>OPIC, SBA DOC, Ex-Im Bank, SBA, USDA</p>	<p>Cooperative agreement has been signed.</p> <p>Cooperative agreement has been signed.</p> <p>Established e-government working group; identified potential areas for FY 2004 procurement; three meetings held; FAS online marketplace merging with BuyUSA.com; SBA's TradeNet merging with Export.gov.</p> <p>Form is completed. ITA and FAS are collecting data.</p>	<p>SBA will send one of its finance personnel to OPIC for a temporary assignment to assist OPIC in streamlining approval process for small and medium-sized companies.</p> <p>IT plans under review by OMB. Identify FY 2003 efforts that can have multiagency effect.</p> <p>Expand to other TPCC partners.</p> <p>ITA working group to identify needs and expand to other agencies.</p> <p>CS and TPCC agencies will explore options for ensuring that we provide comprehensive export assistance, including whether investment assistance would enable U.S. firms to expand their export sales.</p>	<p>Signed cooperative agreement; increased access/use of OPIC services by small and medium-sized companies.</p> <p>Interagency IT procurements; leveraged resources and greater coordination.</p> <p>Completed form; easier access to services.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>More Accessible/Effective Finance</p> <p>SBA's ExportExpress will be expanded to cover loans up to \$250,000 as a pilot.</p> <p>The TPCC working group will facilitate further integration of Ex-Im Bank and SBA working capital programs.</p> <p>Ex-Im Bank and SBA will develop a joint marketing program, including publications and lender training.</p>	<p>SBA</p> <p>Ex-Im Bank, SBA with TPCC</p>	<p>Completed.</p> <p>SBA/Ex-Im Bank agree to develop procedures that will enhance cooperation on transactions.</p> <p>Signed Ex-Im/SBA MOU. Working group has developed a marketing plan; first set of joint mailings has gone out; several joint symposia have been held.</p>	<p>Completed.</p> <p>Ex-Im Bank and SBA are working on an agreement enabling them to provide parallel financing for working capital transactions. Ex-Im Bank and SBA will work with OMB to develop joint performance measures.</p> <p>Institutionalize process of joint mailings and symposiums.</p>	<p>Increased number of export loans.</p> <p>Increased number of participating lenders and small business export loans; additional tool to enhance customer service.</p> <p>Increased use of Ex-Im Bank and SBA working capital programs.</p> <p>Increased use of Ex-Im Bank/SBA programs.</p>
<p>Streamline Finance/Investment</p> <p>Ex-Im Bank and OPIC will streamline processing times, where appropriate.</p> <p>Ex-Im Bank will work to expand and broaden electronic access to financing services.</p>	<p>Ex-Im Bank and OPIC</p>	<p>Ex-Im Bank recently instituted major organizational changes designed to enable Ex-Im Bank to become more market-focused and customer-driven while enhancing risk management. The changes are designed to streamline case processing and standardize customer service and credit evaluation across all product lines.</p> <p>Ex-Im Bank is working on a multi-year revamping of its computerized financial processing systems. The new system will allow</p>	<p>Ex-Im Bank reorganization implemented.</p> <p>Ex-Im Bank anticipates completion of this project in FY 2004.</p>	<p>Reduced case processing times.</p> <p>Streamlined case processing.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Streamline Finance/Investment (cont.)</p> <p>Ex-Im Bank will continue to expand its information database for repeat customers.</p> <p>Ex-Im Bank will implement a transparent approach for evaluating the additionality of transactions.</p> <p>OPIC will develop new additionality policy.</p> <p>OPIC and Ex-Im Bank will develop cooperative agreement.</p>		<p>efficient online application for financing and will facilitate internal electronic case processing.</p> <p>Ex-Im Bank reorganization will facilitate case processing for repeat customers.</p> <p>Ex-Im Bank is developing a proposal for a transparent approach for evaluating the additionality of transactions.</p> <p>Improved additionality policy implemented. OPIC is working with OMB to enhance policy further.</p> <p>Ex-Im Bank/OPIC agreement completed.</p>	<p>Ex-Im Bank reorganization is implemented.</p> <p>Ex-Im Bank and OMB will collaborate to develop a more objective and transparent additionality policy and measures.</p> <p>OPIC and OMB will continue collaboration to finalize a more objective and transparent additionality policy.</p>	<p>Streamlined processing for repeat customers.</p> <p>Improved transparency for evaluating additionality of transactions.</p> <p>Increased sharing of resources for Ex-Im Bank/OPIC transactions.</p>
<p>Information</p> <p>DOC will improve market research using technology solutions for collaboration between agencies.</p> <p>DOC will make access to export information easier through improved search capacity and interagency portal.</p>	<p>State, DOC Ex-Im Bank</p>	<p>State Department pilot still needs work. Technology installed.</p> <p>Search engine installed, budget for content management tool identified.</p>	<p>Need to set process up for International Market Insight (IMI) report development.</p> <p>Expand SQL database to take in research from other parts of ITA.</p>	<p>Complete projects, IMIs through collaboration.</p> <p>Make all databases searchable through one site; install content management system.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Information (cont.)</p> <p>Gather ongoing feedback from user groups on efforts to improve access.</p> <p>Ex-Im Bank will use the Internet to improve access to government working capital programs.</p> <p>The TIC will improve responsiveness to customer inquiries using advanced customer support technology.</p>		<p>Usability test completed.</p> <p>Test program up and running.</p> <p>Contractors developed technical recommendations and implementation of technical infrastructure to begin shortly. Automation of the NAFTA certificate of origin.</p>	<p>Make changes to site based on results.</p> <p>Expand to additional Delegated Authority lenders, ultimately allowing exporters to use system to find lenders.</p> <p>Phase I of implementation: To be completed by December 2003.</p> <p>Phase II of implementation: Dependent on funding.</p>	<p>Analyze and incorporate findings.</p> <p>Lenders report that this is more efficient way of using program.</p>
<p>Interagency Training Initiative</p> <p>Cross-train TPCC agency personnel, including joint training agreements.</p> <p>Certify trade specialists in TPCC agency programs to act as account managers for exporters and investors.</p>	<p>All TPCC promotion services agencies</p>	<p>Interagency task force has developed cross-training initiative, delivered the pilot course, and begun interagency job details.</p> <p>TPCC agencies met with NASBITE representatives to support NASBITE's trade specialist certification effort. Experts attended NASBITE meeting in Chicago.</p> <p>SBA provided training at SCO regional conferences in New York City, Chicago, and Williamsburg. SBA trained two groups of FSN trade specialists in Washington, D.C.</p>	<p>Further define performance measures (e.g., customer satisfaction).</p> <p>Pursue certification.</p>	<p>Number of people cross-trained; hours of training delivered; number of rotational assignments.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Interagency Training Initiative (cont.)</p> <p>CS trade specialists will be trained to promote one U.S. government working capital program.</p> <p>Enhance training for state and local partners.</p>	<p>DOC, Ex-Im Bank, SBA</p>	<p>Training course developed.</p>		
<p>Services</p> <p>Ex-Im Bank will adapt its programs for exporters of services.</p>	<p>Ex-Im Bank, DOC, USTDA</p>	<p>Examining policies and procedures that hinder Ex-Im Bank's ability to support service-sector exports.</p>	<p>Establish principles that Ex-Im Bank can apply to transactions of service sector.</p>	<p>Number of new service company clients.</p>
<p>DOC's Advocacy Center will redesign its questionnaires for service exporters.</p>		<p>Consulting with industry.</p>	<p>Incorporate service sector considerations into planned redesign effort.</p>	<p>Questionnaire that facilitates advocacy for service firms.</p>
<p>DOC's Office of Travel and Tourism Industries (OTTI) will develop public-private partnerships.</p>		<p>In April 2002, DOC/OTTI signed an MOU with Japan to establish a public-private partnership council to further the expansion of tourism flows; working group met in August 2002.</p>	<p>Promotional and marketing funds of \$50 million (FY 2003 no-year monies) will be used to conduct an integrated umbrella campaign, including grants for regional marketing efforts. The program will emphasize public-private partnerships and matching funds to maximize the funding and impact in key international markets. The contents of the program will be designed in conjunction with a travel and tourism advisory board (to be formed) and in consultation with states, cities, and regional tourism marketing entities.</p>	<p>Establishment of umbrella (public-private) tourism campaign.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Services (cont.)</p> <p>USTDA will work with service sector companies and associations.</p>		<p>In May 2002, USTDA sponsored (with CS, Ex-Im Bank, and OPIC) a conference in Istanbul on the Eurasian tourism sector.</p> <p>In November 2002, USTDA and State held a conference on implementing e-government in emerging markets.</p>		
<p>Outreach/Education</p> <p>Create unified marketing materials for core TPCC agencies.</p> <p>Establish tighter linkages with state export promotion agencies, including packages of federal services that would allow states to leverage their resources and joint strategic planning sessions to coordinate trade promotion events. Enhance training for state and local partners.</p>	<p>DOC with TPCC agencies</p>	<p>Created interagency marketing task force targeting exporters, potential exporters, state export promotion groups, and elected officials. Nine seminars have been held. Direct mail campaign identified 500 companies for federal export promotion services. Interagency pavilions at five major trade shows.</p> <p>Moved forward with joint state-federal programs in several states. Cooperative programs currently include states offering packages of federal programs; shared counseling, events and strategic planning; joint training, and co-location.</p>	<p>Integrate states into larger TPCC outreach, training, and planning efforts.</p>	<p>Number of joint promotional activities (mailings, symposia, trade events); unified marketing piece.</p> <p>Number of state-federal cooperative programs in place.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Outreach/Education (cont.)</p> <p>Expand trade education efforts for new-to-export firms.</p> <p>Develop outreach strategy for intermediaries and logistics firms.</p> <p>Integrate export control training by BIS and other agencies.</p>	<p>DOC (Census, ITA, BIS) Customs, OFAC</p>	<p>DOC conducted survey/analyzed results of SBA's E-TAP program.</p> <p>TPCC Secretariat staff had focus groups with intermediaries in Los Angeles and Orange counties.</p> <p>Completed. Regular joint U.S. federal regulations seminars to counsel U.S. businesses on export shipping documentation, licensing requirements, prohibited countries and parties.</p>	<p>Future focus groups planned in key cities. Explore online delivery options.</p>	<p>Institutionalize follow-up mechanism; number of new-to-export firms trained.</p> <p>Increased number of intermediaries involved with TPCC agencies.</p>
<p>Agriculture Initiatives</p> <p>New Agriculture Global Market Strategy.</p> <p>Pursue long-term capacity-building efforts.</p>	<p>USDA USDA, USAID</p>	<p>A draft market strategy was released during this year's three-day conference and workshop in Baltimore with agricultural industry organizations and frequent program participants. Comments and recommendations from the conference and from FAS posts worldwide. Congressional staffers have been apprised of the plan's progress.</p> <p>Initial outlook evaluation by FAS to align reimbursable contracts with long-term development efforts for trade capacity building.</p>	<p>On the basis of feedback from the conference and from FAS posts worldwide, the draft strategy is being revised.</p> <p>Reimbursable contracts cycle two to four years. Over the next year, USDA (FAS) will develop a plan to target and capture a higher proportion of projects aimed at sustainable trade building. Efforts will expand beyond</p>	<p>A final draft for review by stakeholders and congressional staffers is expected in August 2003.</p> <p>Progress measures for each USDA recommendation will be presented in the next progress update.</p>

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Agriculture Initiatives (cont.)</p> <p>Implement a biotech strategy aimed at coalition building and resolving market access issues.</p>	<p>USDA, USTDA</p>	<p>A new USDA (FAS) biotech staff has been created to implement strategy, address market success issues, and participate in U.S. Government biotech coalition building.</p> <p>To improve market access, USTDA, USTR, and FAS are providing training to Chinese scientists, regulators, and businesses on safety and regulatory issues in the agricultural/biotech sector.</p>	<p>interagency contract agreements in order to capture more foreign government and non-government clients.</p> <p>Fill staff vacancies; develop mission statement; establish interagency responsibilities and communication lines.</p>	<p>Staff implementing options under an approved mission statement and strategy by FY 2004.</p>
<p>New Exporter Assistance</p> <p>Implement a new processed foods division that will interface closely with the U.S. Commercial Service.</p> <p>Improve coordination of outreach activities in the United States with other TPCC agencies.</p>	<p>USDA (FAS)</p> <p>USDA (FAS)</p>	<p>Completed draft proposal for adding these duties to the current Agricultural Exports Division of FAS; a division name change and progressive personnel realignment plan has been submitted for approval.</p> <p>During FY 2002–03, FAS conducted 12 joint export programs and services training programs with SBA, DOC, state departments of agriculture, and related</p>	<p>Final approval of proposal. Gradual realignment of operational structure and staff responsibilities. Long-term effort to add personnel and processed foods database and additional exporter support services.</p> <p>During 2003 and beyond, additional joint outreach activities will be conducted.</p>	<p>Division name change and beginning of long-term implementation.</p> <p>Preplanned joint activities become standard operating practice between all TPCC agencies.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
New Exporter Assistance (cont.)		<p>state economic development organizations across the country. Emphasis: educate customers, better inform partners about USDA export programs and services, improve communications and networking.</p> <p>Completed.</p>		
Revise criteria for the branded promotion program to allow participation of medium-sized firms.	USDA (FAS)	Initial draft plan listing proposed fee-based services has been completed.	Distribute draft of fee-based concepts and initial ideas to stakeholders for comments and feedback. Redraft plan for approval. Work to gain legislative authority to charge and be credited back user-fees for USDA use; more closely utilize export assistance services already in place, offered by CS and by the state regional trade groups (e.g., Food Show PLUS! and Distributor Development Service); and ensure that posts maintain lists of recommended contractors to whom it may refer exporters to perform certain requested marketing services.	<p>Program operations and policy allow participation of both small and medium-sized firms.</p> <p>Final plan approved by Oct. 1, 2003. Implementation begins and 100 percent operational by 2006.</p>
Establish new, customized, fee-based services for exporters.	USDA (FAS)			

Appendix A: Progress Report on the 2002 Recommendations

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Export Finance Assistance</p> <p>Assess changes to improve customer service and management of the Commodity Credit Corporation.</p>	<p>USDA (FAS)</p>	<p>Project focused on four issues for improving customer service and program management of export credit guarantee programs (some aspects aligned with e-government initiatives and/or impacted by current WTO negotiations):</p> <ul style="list-style-type: none"> • investigate a public-private partnership between the CCC program and a private U.S. insurance company to allow FAS to offer a larger array of export assistance products. • assess the potential of doing revolving credits and risk analysis on a portfolio basis instead of on a transaction-by-transaction basis to allow for increased flexibility in the program while maintaining sound management control. • determine the impact of a risk-based fee structure instead of the current flat fee structure. While this could potentially increase overall fees to exporters, it better reflects the approach of other export credit agencies and private sector lenders. • review CCC's third-country bank approval policy to potentially apply "standard practice arrangements" with banks 	<p>Four issue teams are investigating benchmarks to formulate recommendations for future actions, including legislative changes, legal considerations, policy changes, or other recommendations. Initial key questions on each issue have been identified for further evaluation.</p>	<p>A draft report with recommendations by Oct. 1, 2003.</p>

Recommendations	Lead Agencies	Accomplishments	Next Steps	Progress Measures
<p>Export Finance Assistance (cont.)</p> <p>Investigate and assess the benefits of changing foreign content requirement for USDA export financing.</p> <p>Provide guarantees on electronic payment mechanisms and support non-traditional letter-of-credit forms.</p>	<p>USDA (FAS)</p> <p>USDA (FAS)</p>	<p>outside the country or region of sales. This could bring about more interest in third-country banking, particularly by larger multinational banks.</p> <p>A project team is formed and is currently investigating this issue. Initial key questions on the issue have been identified and benchmarks are being sought.</p> <p>A project team is evaluating electronic payment mechanisms and their compliance with the CCC's export credit guarantee program. The team is also investigating the use of such payment tools by our customers. The project team has preliminarily determined that the Bolero system with TRADEPAQ supports UCP 500 transactions and letters of credit, and that commercial banks can currently use the system in the event of a claim. They can print and forward to the CCC with other claim documentation. The working group has also discussed the Bolero system with a few banks that have indicated they are not currently using the system. Reasons for not accessing the system include associated usage costs and complex rules.</p>	<p>By Oct. 1, 2003, determine if the current legislative restriction of 10 percent has an adverse impact on high value agricultural products assisted by USDA commercial export programs. Estimate what benefits, if any, would U.S. exporters gain by lifting the restrictions.</p> <p>Objectives of the project team determine costs associated with use of Bolero; investigate customer usage of electronic payment mechanisms; and determine need for CCC's e-government compliance.</p>	<p>A draft report with recommendations by Oct. 1, 2003.</p> <p>The working group is continuing to make progress and anticipates a complete assessment by June 15, 2003.</p>

Appendix B: TPCC Program Budget Authority

TPCC Program Budget Authority, Fiscal Years 2002–2004 (millions of dollars)

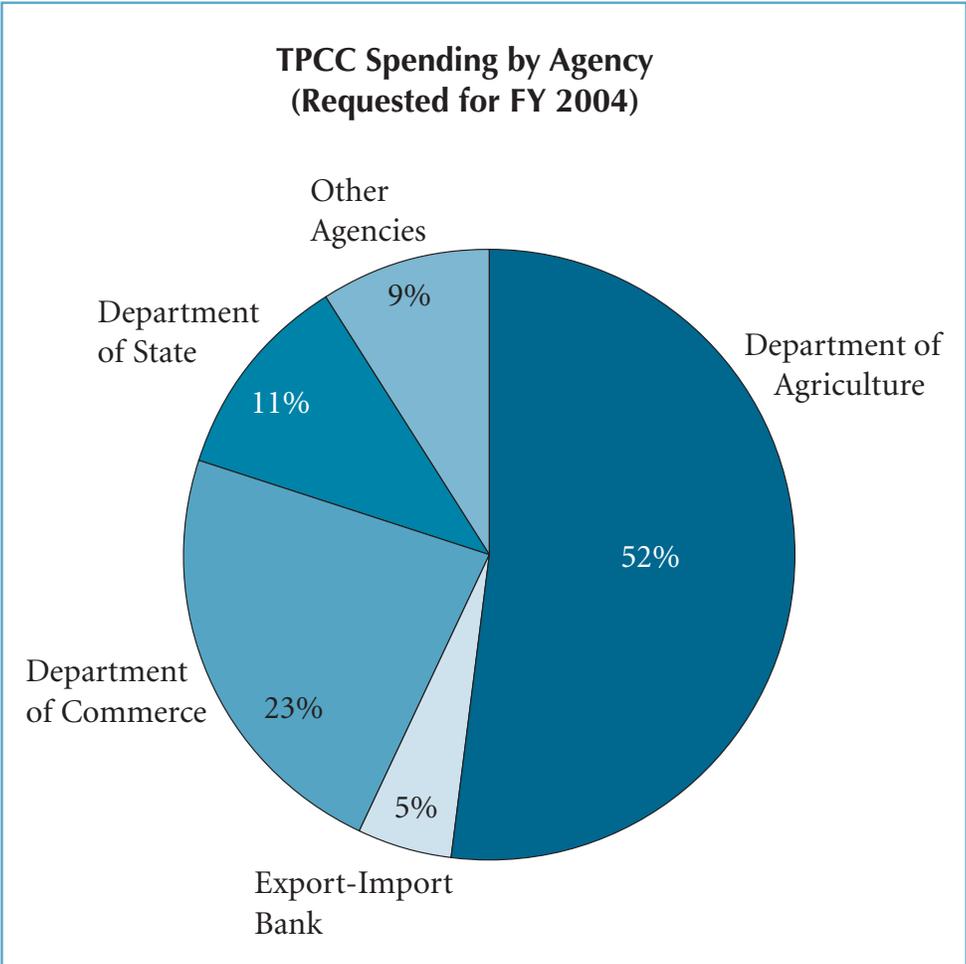
	<i>FY 2002</i> <i>(Actual)</i>	<i>FY 2003</i> <i>(Enacted)</i>	<i>FY 2004</i> <i>(Budget)</i>
Department of Agriculture	786	1,354	764
Department of Commerce	320	316	329
Department of Energy	3	4	7
Department of Labor	1	1	1
Department of State	129	139	155
Department of Transportation	0	0	0
Department of the Treasury	3	3	3
Agency for International Development	NA	NA	NA
Environmental Protection Agency	0	0	0
Export-Import Bank	815	578	75
Overseas Private Investment Corporation	(221)	(214)	(198)
Small Business Administration	12	9	13
Trade and Development Agency	62	47	60
U.S. Trade Representative	30	35	37
Totals	2,161	2,486	1,444

Notes:

Totals do not include the Overseas Private Investment Corporation.

Amounts may be restated in the future to reflect new data or definitions. Figures may include administrative expenses, transfers, or other adjustments.

Figures for the U.S. Agency for International Development (USAID) do not appear in this table, as USAID activities support trade promotion indirectly through broad economic growth and reform, unlike other activities that more directly fund trade finance or promotion.



Appendix C: Abbreviations and Acronyms

AGOA	African Growth and Opportunity Act
APEC	Asia-Pacific Economic Cooperation
BANOBRAS	Banco Nacional de Obras y Servicios Publicos, S.N.C. (development bank, Mexico)
BIS	Bureau of Industry and Security (DOC)
CCC	Commodity Credit Corporation (USDA)
CS	U.S. Commercial Service (ITA)
DOC	U.S. Department of Commerce
DOT	U.S. Department of Transportation
EDC	Export Development Canada (export credit agency, Canada)
EU	European Union
E-TAP	Export Trade Assistance Partnership (SBA)
Ex-Im Bank	Export-Import Bank of the United States
FAS	Foreign Agricultural Service (USDA)
FEED	front-end engineering and design
FSN	foreign service national
FTA	free trade agreement
GDP	gross domestic product
GSP	Generalized System of Preferences
ITA	International Trade Administration (DOC)
KfW	Kreditanstalt für Wiederaufbau (KfW Group; development bank, Germany)
LDCs	less developed countries
LLDCs	least developed countries
MOU	memorandum of understanding
NAFIN	Nacional Financiera S.N.A. (development bank, Mexico)
NAFTA	North American Free Trade Agreement
NASBITE	North American Small Business International Trade Educators
OECD	Organization for Economic Cooperation and Development
OFAC	Office of Foreign Assets Control (U.S. Department of the Treasury)
OMB	Office of Management and Budget (Executive Office of the U.S. President)
OPIC	Overseas Private Investment Corporation
SACU	Southern African Customs Union
SBA	U.S. Small Business Administration
SBDC	Small Business Development Center (SBA)
SCO	senior commercial officer (CS)
SME	small and medium-sized enterprise
SOP	standard operating procedures
SRTG	state regional trade group
STAR	Secure Trade in the APEC Region
TIC	Trade Information Center (ITA)
TPCC	Trade Promotion Coordinating Committee
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USEAC	U.S. Export Assistance Center (CS, Ex-Im Bank, SBA)
USTDA	U.S. Trade and Development Agency
USTR	Office of the U.S. Trade Representative
WTO	World Trade Organization