

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



**PUBLIC
RELEASE**

OFFICE OF THE SECRETARY

*Implementation of Commerce's Trade
Mission Policy Has Strengthened
Management of the Missions, but
More Improvements Can Be Made*

Final Inspection Report No. IPE-13934/April 2001

Office of Inspections and Program Evaluations





UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

APR 10, 2001

MEMORANDUM FOR: The Honorable Donald L. Evans
Secretary of Commerce

FROM: Johnnie E. Frazier 

SUBJECT: Final Report: *Implementation of Commerce's Trade Mission Policy Has Strengthened Management of the Missions, but More Improvements Can Be Made* (IPE-13934)

As a follow up to our March 14, 2001, draft report, attached is our final report on the implementation and effectiveness of the Department's March 1997 trade mission policy. The policy was put in place to (1) strengthen Commerce's management of trade missions and (2) help ensure that they are not politicized or do not give the appearance that they are.

We found that the trade mission policy has helped to significantly improve the Department's management of trade missions. In particular, it has strengthened trade mission planning, the recruitment and selection of private sector participants, and the transparency of the entire process. However, we believe that some steps can be taken to increase the policy's effectiveness and further improve the Department's management of trade missions. On page 19, we offer a number of recommendations for such improvements.

In your response to our draft report, you indicated that you are committed to following a process of evaluation and action to ensure that trade missions serve their intended public purpose. You also noted that our independent assessment of the trade mission policy is an important part of this process. We have included your comments in our final report. We have also included the comments from the Acting Under Secretary for International Trade, given the International Trade Administration's significant role in support of Commerce trade missions.

We anticipate that the International Trade Administration will work closely with your office and the Office of Business Liaison to develop an action plan to address the recommendations in our report. Please provide the action plan to us within 90 calendar days of the date of this report. We thank your staff for the assistance and courtesies extended to us during our review. If you have any questions or would like to discuss this report further, please contact me at (202) 482-4661.

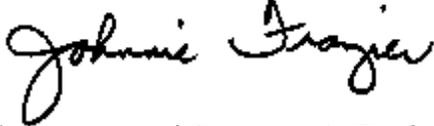
Attachment



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

APR 10, 2001

MEMORANDUM FOR: Timothy J. Hauser
Acting Under Secretary for International Trade

FROM: Johnnie E. Frazier 

SUBJECT: Final Report: *Implementation of Commerce's Trade Mission Policy Has Strengthened Management of the Missions, but More Improvements Can Be Made* (IPE-13934)

As a follow up to our March 14, 2001, draft report, attached is our final report on the implementation and effectiveness of the Department's March 1997 trade mission policy. The policy was put in place to (1) strengthen Commerce's management of trade missions and (2) help ensure that they are not politicized or do not give the appearance that they are.

We found that the trade mission policy has helped to significantly improve the Department's management of trade missions. In particular, it has strengthened trade mission planning, the recruitment and selection of private sector participants, and the transparency of the entire process. However, we believe that some steps can be taken to increase the policy's effectiveness and further improve the Department's management of trade missions. On page 19, we offer a number of recommendations for such improvements.

In your response to our report, you indicated that our draft report was relevant, timely and constructive, and you agreed with our findings and recommendations. You agreed to work with the Department to make the trade mission policy more effective and useful in the future.

The report does not have any specific recommendations addressed to ITA for action, but, given ITA's role in support of trade missions, we assume that you will be working closely with departmental officials to develop the action plan requested within 90 days and to implement the overall recommendations. We thank you for your comments on our draft report and have included them as an appendix to this report. We appreciate the cooperation and courtesies extended to us by your staff during this review. If you have any questions, please contact me at (202) 482-4661.

Attachment

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EXECUTIVE SUMMARY

Pursuant to the authority of the Inspector General Act of 1978, as amended, the Office of Inspector General conducted an inspection of the Department's March 1997 trade mission policy and its implementation. The inspection was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency. Our field work was performed from October 17, 2000, to February 6, 2001.

The Department of Commerce, primarily the Office of the Secretary and the International Trade Administration, organizes and leads trade missions. On such trade missions, U.S. business leaders travel overseas with the Secretary of Commerce or other senior departmental officials to meet with foreign business leaders, foreign companies, and government officials. The missions are designed to open markets, identify and secure export and investment opportunities for U.S. companies, showcase American products and technology around the world, and further U.S. commercial and foreign policy objectives.

Until 1997, the Department did not have a written policy governing trade missions or their management. Prior to that time, the Department had been sharply criticized for allegedly using political considerations in the recruitment and selection of private sector participants for its trade missions. In February 1997, former Secretary William Daley suspended all trade missions for 30 days pending a review of the policy.

On March 3, 1997, Secretary Daley unveiled a comprehensive departmental policy governing all basic aspects of trade missions, from private sector recruitment to post-mission reports.¹ Although the full policy--as implemented--only applies to missions led by the Secretary and other Commerce officials at the Assistant Secretary level or higher, most elements of the policy have been applied to the remaining departmental trade missions. The two-tier review panel process to select mission participants is only used for the high level missions. The policy is intended to:

“ensure that all decisions regarding trade missions are based upon appropriate criteria related to the underlying public policy, not impermissible considerations irrelevant to the goals of the Commerce Department.”

The policy includes a comprehensive discussion of the trade mission authorization process, the recruitment and selection of private sector participants for missions, and the mission costs, and post-mission reports also are covered by criteria outlined in the policy. The policy explicitly prohibits consideration of referrals from political parties or references to political contributions or political activities in the recruitment and selection of mission participants.

¹ “Statement of Policy Governing Department of Commerce Overseas Trade Missions,” March 3, 1997.

In general, we found that Commerce's trade mission policy has provided a more disciplined and consistent approach to the conduct of trade missions. It has significantly improved trade mission planning, the participant selection process, and accountability. Clearly, the policy has improved the transparency and objectivity of Commerce's trade mission recruitment and selection process. While we believe that such a policy should be continued, it is appropriate at this time for senior officials to reassess the four-year-old policy and its implementation. We also believe that enhancements to the policy are possible to increase its effectiveness and further improve the Department's management of trade missions. Specifically, our review disclosed the following:

The Policy Has Helped Strengthen Commerce's Management of Its Trade Missions

Our review of all 20 high-level trade missions led by either the Secretary (10) or other high-level Commerce officials (10) from March 1997 to October 2000 indicated that many of the objectives and requirements of the trade mission policy were met. We noted, for example, that for each of the missions, trade mission statements were prepared that specifically defined the goals of the missions and the criteria for participation. Recruitment efforts appeared to be broad-based, as required by the policy. Most importantly, most private sector participant selection decisions (i.e., who went on the missions), when well-documented, appeared to be appropriate for the trade missions and based on objective criteria, as laid out in the trade mission statements. As we conducted our review, we questioned a few of the decisions made by the review panels regarding participant selection. Where we had questions, departmental officials were subsequently able to provide us with reasonable explanations for including or excluding certain applicants. Referrals by third parties (such as trade associations, governors, or other government officials), though permitted by the process, were few and did not seem to sway the selection process. As required by the policy, there was a strong presumption toward the use of commercial aircraft. We noted that commercial aircraft, as compared to Air Force planes, were used in 17 of the 20 missions. The use of non-commercial aircraft was justified for the other trade missions by security considerations and the unavailability of commercial flights to meet the mission schedules (see page 5).

Improvements Are Needed in the Policy and Its Implementation

While the policy has clearly made a positive contribution to the Department's management and conduct of trade missions, additional improvements would further enhance the policy's effectiveness and efficiency. Specifically, we noted areas where the policy could be improved, as well as ways to strengthen its implementation and application to future trade missions: (1) the policy may not be appropriate for all "reverse" trade missions that bring foreign buyers to visit U.S. companies, (2) the "diversity" criterion used on the trade mission application and in the selection process is ambiguous and should be clarified, and (3) the required membership of the Tier II (second level) selection panel, as outlined in the policy and discussed in public statements, could pose an appearance problem for the Department (see page 7).

In addition, documentation of trade missions has not been consistently maintained. On a positive note, we found that key documents concerning trade mission planning, such as the mission statement, budget information, and participation lists were maintained at or near 100 percent. However, important documents, such as those concerning private sector participant recruitment and selection processes, results of the trade missions, and mission cost reports, were present in some files but not in others. The maintenance of appropriate documents is key to meeting the policy's goals of demonstrating that the trade missions are being managed in an objective, fair and more transparent manner (see page 11).

The Application Process Could Be Made More Efficient

The Department has not taken full advantage of opportunities to reduce the paper-intensive nature of the trade mission application process. Wider use of information technology could improve the efficiency of the process, thereby providing more time for the Department to evaluate the applicants. We noted that the Office of the Secretary was using the Internet for requests and delivery of trade mission applications, but ITA was not. Considering the widespread use of the Internet by ITA and the Department to promote exporting, and the Department's role in promoting e-commerce nationwide, we believe that the trade mission application process and payment transactions could be more efficiently handled electronically. Having the application data on line should also help streamline the application review process. We believe that the Department should explore opportunities to automate as much of the trade mission application and participation process as possible, including electronic submission of applications, and participation agreements, and on-line payment of participation fees (see page 15).

Certain Policy Areas Need Additional Implementing Guidelines and Procedures

The trade mission policy outlines the goals and objectives and some basic requirements for the conduct of the missions. However, we found that the topics covered by the 17-page trade mission policy statement run the gamut from broad policy goals and objectives to specific implementing steps. Although the policy, as written, is clear on how to implement some steps and criteria of the trade policy, it is less clear on others, such as documentation requirements. Hence, we believe that the policy needs to be refined and supported by specific implementing guidelines to help ensure full and consistent compliance. We believe that a revised policy statement, along with a set of implementing guidelines, would help both Commerce officials and trade mission applicants to more readily understand what information and steps are required to successfully conduct trade missions (see page 17).

We offer recommendations to address our concerns on page 19.



The Secretary, in his response to our draft report, indicated that he is committed to following a process of evaluation and action to ensure that trade missions serve their intended public purpose. He noted that our report will be a valuable guide for ongoing efforts to improve trade missions. In addition, ITA stated that many of our findings and conclusions will help improve the Department's use of trade missions. The Acting Under Secretary for International Trade specifically agreed with our recommendations concerning the need to reevaluate whether the trade mission policy should apply to reverse trade missions and to clarify the purpose of the policy's diversity criterion. Furthermore, ITA agreed to use the report to identify other areas that may require corrective action or reconsideration, and work with the Department to make the trade mission policy more effective and useful in the future. The Secretary's and ITA's comments are included in their entirety on pages 22-23.

INTRODUCTION

Pursuant to the authority of the Inspector General Act of 1978, as amended, the Office of Inspector General conducted an inspection of the Department's March 1997 trade mission policy and its implementation. The inspection was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency. Our field work was performed from October 17, 2000, to February 6, 2001.

Inspections are special reviews that the OIG undertakes to provide agency managers with timely information about operations, including current and foreseeable problems. One of the main goals of an inspection is to eliminate waste in federal government programs by encouraging effective and efficient operations. By asking questions, identifying problems, and suggesting solutions, the OIG hopes to help managers move quickly to address problems identified during the inspection. Inspections may also highlight effective programs or operations, particularly if they may be useful or adaptable for agency managers or program operations elsewhere.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of this inspection was to determine if the Department's trade mission policy has been effectively implemented and whether it is meeting its goals. Specifically, we sought to determine if:

1. Implementation of the trade mission policy is resulting in a transparent, objective process for the management of trade missions, particularly for the recruitment and selection of private sector participants.
2. Officials implementing the trade mission policy are adhering to its specific requirements.
3. The policy is sufficiently clear and unambiguous in its language and requirements, or if some revisions are needed to better attain its objectives.

To accomplish this objective we reviewed the records of all 20 trade missions led by either the Secretary (10) or other high-level Commerce officials² (10) from March 1997 to October 2000. By reviewing all available records relating to each mission, we were able to draw conclusions as to whether the Department was in compliance with the policy. We also interviewed current and former employees from the Office of the Secretary and the International Trade Administration who had managed the trade missions, served on selection boards, or worked with the trade mission policy and its components in some manner.

² Senior Commerce officials at the Assistant Secretary or higher level, including the Deputy Secretary, Under Secretaries and Assistant Secretaries.

BACKGROUND

The Department of Commerce, primarily the Office of the Secretary and the International Trade Administration, organizes and leads trade missions. On such trade missions, U.S. business leaders travel overseas with the Secretary of Commerce or other senior departmental officials to meet with foreign business leaders, foreign companies, and government officials. The missions are designed to open markets, identify and secure export and investment opportunities for U.S. companies, showcase American products and technology around the world, and further U.S. commercial and foreign policy objectives.

Until 1997, the Department did not have a written policy governing trade missions or their management. Prior to that time, the Department had been sharply criticized for allegedly using political considerations in the recruitment and selection of private sector participants for its trade missions. In February 1997, the then Secretary, William Daley, suspended all trade missions for 30 days pending a review of the policy.

On March 3, 1997, former Secretary Daley unveiled a comprehensive departmental policy governing all aspects of trade missions from private sector recruitment to post-mission reports.³ Although the full policy--as implemented--only applies to missions led by the Secretary and other Commerce officials at the Assistant Secretary level or higher, most aspects of the policy have been applied to the remaining departmental trade missions. From March 1997 until October 2000, the Department conducted more than 125 trade missions of all types covered by this policy, from high-level missions led by the Secretary to reverse trade missions.⁴ This report covers the high-level trade missions, which typically involve travel to foreign countries by private sector participants and Commerce employees in which the Department recruits and selects participants from the business community.⁵ The two-tier review panel process to select mission participants, as outlined in the policy, is only used for these high-level missions.

The policy is intended to “ensure that all decisions regarding trade missions are based upon appropriate criteria related to the underlying public policy, not impermissible considerations irrelevant to the goals of the Commerce Department.” A comprehensive discussion of the trade mission authorization process, the recruitment and selection of private sector participants for missions, the mission costs, and post-mission reports also are covered by criteria outlined in the policy. The policy expressly prohibits

³ “Statement of Policy Governing Department of Commerce Overseas Trade Missions,” March 3, 1997.

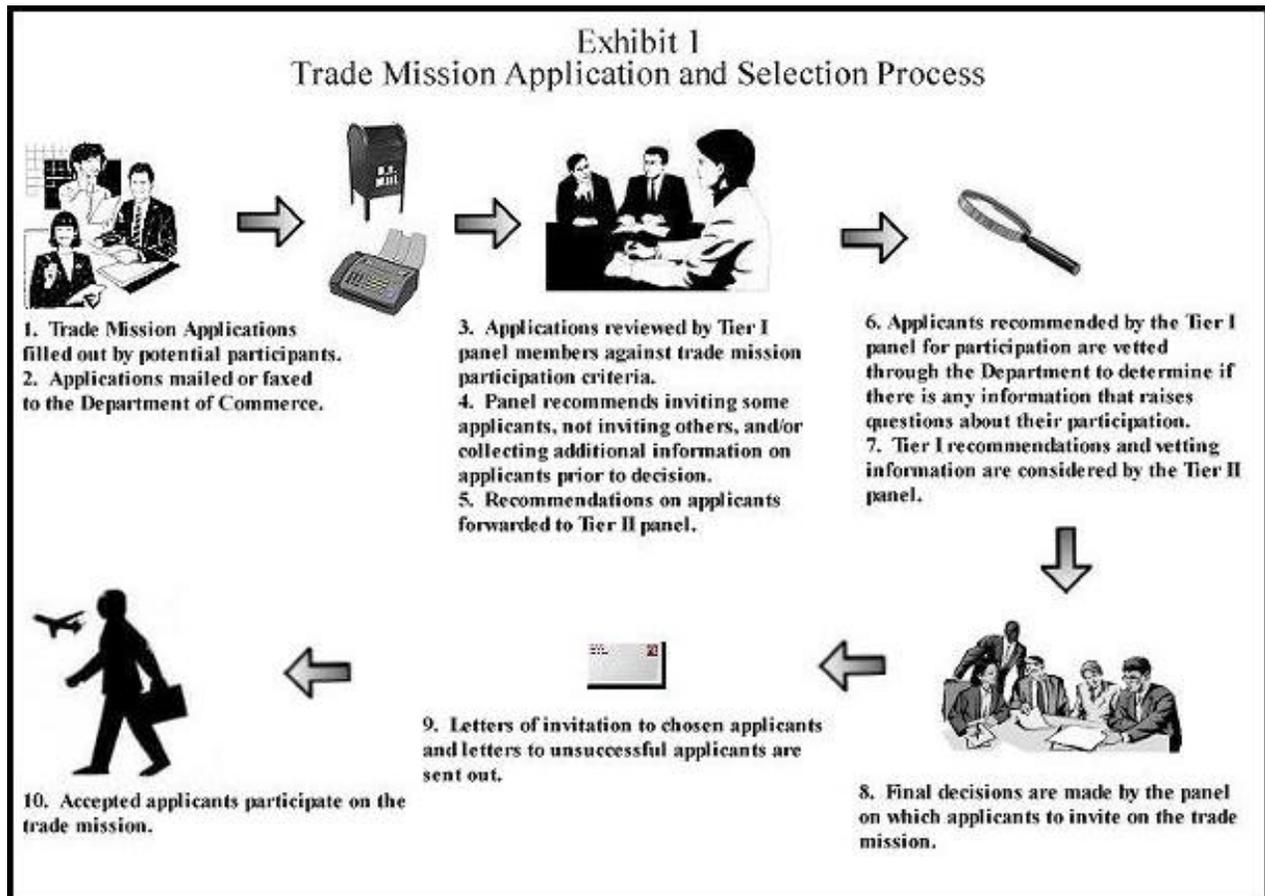
⁴ Reverse trade missions involve bringing foreign buyers to the United States to meet with sellers of goods or services.

⁵ The trade mission policy also covers missions to foreign government or privately organized trade fairs or expositions and delegations to commercially oriented international meetings, where the delegation is selected by the Commerce Department.

consideration of referrals from political parties or references to political contributions or political activities in the recruitment and selection of mission participants.

The primary elements or requirements of the trade mission policy are:

- Preparation of a Mission Statement: Each mission statement must outline the objectives of the mission, the countries or regions chosen, and the rationale for the businesses or sectors that are to be the focus of the missions. There is a prescribed approval process for mission statements.
- Recruitment of Private Sector Participants: Recruitment of applicants for each trade mission must be broadly based to maximize advance notice to as many potential private sector participants as feasible.



- Selection of Private Sector Participants: Perhaps the most critical element in the trade mission policy concerns setting up guidelines and a process for how applicants for trade missions are to be selected. Successful applicants must be chosen based on a demonstrably legitimate business

purpose related to the mission and on specific, written criteria as outlined in each trade mission statement. Exhibit 1 on the next page summarizes the application and selection process for high-level trade missions in the Department.

- Tier Review Panels: Selection of participants is in a two-tier panel process, involving both career employees and political appointees who review written applications to determine the appropriateness of participants for inclusion on trade missions.
- Documentation: In order to ensure the objectivity and transparency of the process, a trade mission file must be kept for each mission and must be publicly available. This includes record-keeping of the screening and selection decisional processes.

FINDINGS AND CONCLUSIONS

Commerce's trade mission policy has provided a more disciplined and consistent approach to the planning and conduct of trade missions. It has significantly improved trade mission planning, the participant selection process, and accountability. Clearly, the policy has improved the transparency and objectivity of Commerce's mission recruitment and selection process. While we believe that such a policy should be continued, it is appropriate at this time for senior officials to reassess the four-year-old policy and its implementation. We also believe enhancements to the policy are possible to increase its effectiveness and further improve the Department's management of trade missions.

I. The Trade Mission Policy Has Helped Strengthen Commerce's Management of Its Trade Missions

Our review of the 20 high-level trade missions indicated that many of the objectives and requirements of the policy have been met.⁶ We noted the following:

- Trade Mission Statements were prepared properly: Trade mission statements were prepared for each mission in our review that specifically defined the goals of the missions and the criteria for participation. These statements, most of which were posted on departmental web sites, were also found in the individual files and were available for public inspection.
- Some participant recruiting efforts were effective: Recruitment efforts appeared to be broad based, as required by the policy. Specifically, mission statements were published in the

**Table 1: High Level Trade Missions
April 1997 - October 2000**

Date	Destination	Led By
4/28/97- 5/2/97	India	A/S
5/11/97-5/20/97	Argentina, Brazil, Chile	S
8/3/97-8/6/97	Canada	S
12/6/97-12/13/97	India	S
1/8/98-1/21/98	Turkey	S
4/11/98-4/18/98	Southeast Asia	U/S
5/18/98-5/22/98	Japan	A/S
6/7/98-6/11/98	Northern Ireland	S
9/7/98-9/19/98	Malaysia, Singapore, the Philippines, Thailand	U/S
11/30/98-12/7/98	Africa	S
3/21/99-3/28/99	Central America	U/S
3/25/99-3/28/99	South Korea	S
3/28/99-4/1/99	China	S
10/9/99-10/18/99	Middle East	S
11/9/99-11/13/99	MERCOSUR	A/S
12/2/99-12/9/99	Czech Republic, Hungary, Poland	A/S
2/13/00-2/21/00	Brazil, Uruguay, Argentina, Chile	S
5/8/00-5/12/00	Canada, Mexico	A/S
6/20/00-6/23/00	APEC	A/S
10/1/00-10/7/00	Africa	A/S

⁶ See Table 1 for summary listing of the missions. Appendix A has a more detailed listing.

Federal Register, as required. Moreover, when well-documented,⁷ efforts to cast a wide net to pull in potential private sector applicants were impressive. Notices were provided to newspapers across the country, trade publications, and relevant industry associations, and were published on departmental web sites.

- Participant decisions appeared to be objective: Most selection decisions for trade missions, when well-documented, appeared to be appropriate for the missions and based on objective criteria as laid out in the trade mission statements. We questioned few of the decisions made by the review panels regarding participant selection. Where we had questions, departmental officials were subsequently able to provide us with reasonable explanations for including or excluding certain applicants. However, as we discuss in Section II.B below, in many cases the documentation on the selection panels' decisional processes was insufficient to independently confirm whether the decisions were appropriate and objective.
- Third party referrals did not appear to sway the selection process: Referrals by third parties (such as trade associations, governors, or other government officials), though permitted by the process, were few and did not seem to sway the selection process. In the few cases where we saw such referrals in the files, we noted that the applicants were accepted or not accepted based on reasons relating to the objective participation criteria as enumerated in the trade mission statements, rather than because of the referral. We found four such referrals: one company was invited on the trade mission, while three were not.
- The policy has strong support in the Department: We interviewed a number of persons who managed trade missions or had significant experience with the recruitment and selection process. They indicated that the process appeared to be free of inappropriate considerations for participant selection and that it was an improvement over how missions had been managed when there was no written policy or procedures. Individuals involved in the process indicated a strong level of support for the goal of maintaining scrupulous objectivity in the recruitment and selection of trade mission participants and avoiding any perception of favoritism or impropriety.
- Commercial flights were generally used: As required by the policy, there was a strong presumption toward the use of commercial aircraft for trade missions. We noted that commercial aircraft, as compared to Air Force planes, were used in 17 of the 20 missions. The use of non-commercial aircraft was justified for the other trade missions by security considerations and the unavailability of commercial flights to meet the mission schedules.
- Revised application form has been helpful: The trade mission application form was updated in 1999, about 2 years after it was developed, to capture more and better information for the selection panels. Specifically, the Department sought and received approval from the Office of Management and Budget to add new questions to the application to clarify and refine the

⁷ Eleven of the 20 mission files documented recruiting efforts that went beyond publishing the mission statement in the *Federal Register*.

information sought from applicants.⁸ We believe that this has resulted in better information from applicants to assist in the selection process and made the process more efficient by reducing the need for repeated requests for information from applicants.

Implementation of the Department's trade mission policy has significantly improved the planning and conduct of trade missions. It has introduced more consistency, discipline, objectivity, and transparency into the trade mission process. Accountability has been enhanced. The policy has strengthened the trade mission management process and helps protect the Department and senior officials against allegations of unfairness or impropriety.

II. Improvements are Needed in the Policy and Its Implementation

While the policy has clearly made a positive contribution to the management and conduct of trade missions, additional improvements will further enhance its effectiveness. Specifically, we noted areas where the policy itself could be improved, as well as ways to strengthen its implementation and application to trade missions.

A. *Certain aspects of the policy should be reconsidered*

Based on our review of 4 years of experience with the trade mission policy, we believe that improvements can be made to the policy that would enhance its effectiveness. To maximize its effectiveness, the policy should be clear and unambiguous concerning the types of trade missions for which it is appropriate and what requirements are placed on both applicants and the Department's implementing offices, and it should contribute to its stated purposes of supporting objectivity and transparency in the process. We noted three aspects of the current policy that should be reconsidered: (1) the policy may not be appropriate for all "reverse" trade missions that bring foreign buyers to visit U.S. companies, (2) the "diversity" criterion used on the trade mission application and in the selection process is ambiguous and should be clarified, and (3) the required membership of the Tier II (second level) selection panel, as outlined in the policy and discussed in public statements, could pose an appearance problem for the Department.

⁸ Specifically, three questions were added to the application: (1) one to solicit more information on the business, such as date and state of formation, (2) one to collect personal information on the applicant and company to assist in the background check/vetting process, and (3) one to request more company information, such as brochures and literature on product lines, facilities, etc.

Policy May Not Be Appropriate for All Reverse Trade Missions

The trade mission policy applies to all trade missions, including reverse trade missions. Reverse missions involve the recruitment of foreign business delegations by commercial officers to visit U.S. companies that have expressed an interest in hosting foreign buyers, as compared to a standard trade mission where the Department arranges for U.S. companies to travel outside the United States to meet with foreign companies and government officials.⁹ Commerce officials provided compelling evidence that the policy should not apply to reverse missions. They told us that the policy's recruitment and selection requirements had, in fact, been a factor in their decision to cancel or not pursue at least some of these trade missions. There even appeared to be confusion on the part of some departmental officials as to how the trade mission policy should be applied to reverse missions, and this led to aspects of the policy being applied inappropriately (e.g., requiring a selection process to be conducted for a local tour of a U.S. firm's facilities).

Departmental officials indicated that many reverse missions are planned for and executed in an ad-hoc, quick-turnaround manner, making it difficult to meet all the requirements of the trade mission policy. They told us of instances in which foreign companies, in planning to visit the United States to attend a trade show, have also requested that the United States and Foreign Commercial Service (US&FCS) organize a post-trade show reverse mission. Because the foreign companies' desire for a reverse mission is often made known with little notice before their visit, it is sometimes difficult or impossible for departmental officials to comply with all of the trade mission policy's requirements, which can be lengthy and time-consuming. With notice of only a few days to a couple of weeks, it may not be feasible or effective, for example, to draft and publish a *Federal Register* notice, prepare a mission statement, canvass widely for potential U.S. companies to host a reverse mission, and collect and analyze companies' applications. We were told that, in one case, these requirements, combined with tight deadlines, caused US&FCS to forego an opportunity to fulfill a foreign business delegation's request for a reverse mission following the April 1999 COMDEX (one of the largest annual information technology trade shows in the United States). In another example, departmental officials indicated that the international travel documents for Chinese business people cannot be completed more than one month prior to departure, due to Chinese government regulations. Frequently, travel documents are not available until less than 20 days before the scheduled departure. ITA officials told us such short notice would preclude a *Federal Register* notice, which requires 45 days to file and await responses. While we believe that the commercial officers at overseas posts could get an earlier indication of interest for reverse missions from many of the foreign companies planning to attend the large U.S. trade shows, we agree that the timing on setting up some reverse missions could be tight.

⁹ Page 5 of the trade mission policy states, concerning reverse trade missions, that "...The decision whether to organize such a mission, and selection of the United States sellers shall be made in accordance with the standards set forth in Sections 2 and 3." Sections 2 and 3 of the policy deal with the mission authorization procedure and recruitment/selection of participants, respectively. Cost recovery, as set forth in Section 4, and a post-mission report, as required by Section 5, are also required for all reverse missions.

Aside from the time restrictions, the application process and paperwork necessary to apply for participation in a reverse mission have apparently caused some U.S. companies to lose interest. While we did not talk to companies to verify this, ITA officials claim that the requirement for U.S. companies hosting a reverse mission to complete participation agreements has had the unintended effect of causing some companies to not participate because of delays or concerns of their legal departments about the agreements. In addition, we learned that the policy's applicability to reverse missions was confusing to at least some departmental officials, who attempted to get the foreign companies who were to participate to fill out the standard trade mission application. This reportedly confused the applicants since the application is clearly not designed for use by foreign companies.

Although some of the past problems with the application of the trade mission policy requirements to reverse missions could be corrected with better guidance, the requirements do appear unsuited for the ad hoc or quickly organized reverse missions where there is insufficient lead time to comply with all of the requirements. While it is important for the Department to ensure that U.S. firms that host a reverse mission are chosen objectively and fairly, we believe that the full scope of the policy's planning, recruitment, and selection steps may be unnecessarily burdensome and irrelevant for some reverse missions. Given this unexpected outcome, we believe that the Office of the Secretary should reconsider to what extent the policy should apply to reverse missions and, in cases where it does apply, what additional guidance may be needed to specify its application to them.

The Policy's Diversity Criterion Is Vague and Should Be Reexamined

The diversity criterion, listed in the trade mission policy as one of the selection criteria for participants, has caused confusion among some applicants who see it in the published mission statements and must answer a question about diversity on the application itself. Our review of documentation in the trade mission files and interviews with departmental officials indicated that not only does there appear to be confusion among applicants about how to address this criterion, but it is unclear as to how the information was used by selection panel members. The diversity criterion used in the application process is vague and fails to specify the information sought from applicants, its purpose in the process, and how selection panels are to treat the diversity information in their decision-making.

The trade mission policy includes several participation criteria, one of which is "Diversity of company size, type, location, demographics and traditional under-representation in business." The current trade mission application form (question 10), says the company/participant "may provide any information that it considers relevant to the purpose of the trade mission regarding diversity and/or traditional under-representation in business."

In our review of trade mission file documents, we found a wide range of responses from applicants, indicating their confusion about how to complete this part of the form. Some companies interpreted the question as asking whether: (1) they followed appropriate EEO practices in their company, (2) the composition of their workforce was diverse, (3) their products/services were diverse, (4) they exported to a diverse range of foreign markets, or (5) trade barriers prevented their access to markets, thereby stymying their company's attempt to diversify to different markets.

Based on our interviews, it was also clear that there were divergent opinions among the panel members on what information the diversity criterion was designed to capture and how it was to be used in making selection decisions. We believe that, as part of a larger review of the trade policy, this part of the policy and the trade mission application should be reassessed. At a minimum, the use of the diversity criterion should be clarified and guidance should be provided to applicants as well as selection panel members as to what type of information is sought from applicants and what is its appropriate use in the selection process.

Membership of the Tier II Panel Could Pose an Appearance Problem

We believe that the composition of the Tier II selection panel could pose an appearance problem for the Department. The trade mission policy specifies that three of the five members of the Tier II selection panel will be the Chief Financial Officer and Assistant Secretary for Administration, the Assistant Secretary from the relevant Commerce operating unit managing the trade mission,¹⁰ and the Director of the Office of Business Liaison,¹¹ positions that have customarily been filled by political appointees. The remaining two members of the Tier II panel are required to be career officials, one from ITA and one from the Department's Office of General Counsel. While this structure does not suggest that decisions made by the panel are necessarily subjective, or politically motivated, it seems to contradict public statements made by some departmental officials that final selection decisions are primarily in the hands of career officials. This composition could pose an appearance problem for the Department because, even though most of the members of the Tier I panel are career officials, the Tier II panel has the authority to overrule the first panel. We believe that the Tier II panel composition should be reassessed and a determination be made as to whether the policy should be revised on this point.

B. Documentation of the process should be improved

The maintenance of publicly available files for each trade mission is one of the central requirements of the trade mission policy and the primary way to demonstrate that the missions, especially the recruitment and selection of private sector participants, are being managed in an objective, fair and transparent manner. However, our review of the trade mission files and interviews with the project officers revealed that records have not been consistently maintained. As shown in Appendix II, key documents concerning trade mission planning, such as the mission statement, budget information, and participation lists, were invariably well maintained. However, other important documents, such as those

¹⁰ Typically, this would be ITA's Assistant Secretary and Director General of the U.S. and Foreign Commercial Service, the Assistant Secretary for Trade Development, or the Assistant Secretary for Market Access and Compliance.

¹¹ The Office of Business Liaison, part of the Office of the Secretary, serves as the primary point of contact between the Department of Commerce and the business community. Among its activities, this office organizes Secretarial-led trade missions. The office also maintains a role in supporting non-secretarial trade mission planning and implementation, including representation on the Tier II selection panel.

concerning the recruitment and selection of participants, the results of the trade missions, and mission expense reports, were present in some files but not in others.

The policy is specific in its record-keeping requirements and stresses the importance of documentation by requiring that a “trade mission file” be established for each mission and be made available to the public after completion of each trip. According to the policy, each file should include a mission statement; a summary of the means used to recruit private sector participants; for missions led by senior Department officials, a separate dossier for each applicant containing the application and any other written information used in the decisional process concerning the applicant’s qualifications; and a record of the decisional process. Each file must include a post-mission report that must be filed within a month of the conclusion of a mission. That report should contain a description of the mission, including a schedule and a summary of the activities undertaken; an analysis of its accomplishments in comparison to the goals set forth in the mission statement; a summary of the evaluation forms completed by private sector participants; a list of participants; the fiscal plan or budget; and copies of related press releases and press reports. The policy also states that “the trade mission file and the post-mission report” will be made available to the public with redaction of information protected from disclosure under the Freedom of Information Act (FOIA).

The maintenance of appropriate documents is key to meeting the policy’s goals. However, we found that these guidelines are only partially being met by the Office of the Secretary and ITA.

Specifically, we found inconsistent documentation in the following areas:

- The participant recruitment process.
- The participant selection process.
- The applicant vetting process.
- An accounting of final trade mission expenses.

We also noted instances where sensitive information was inappropriately made available in a public reading room, even though it should have been protected from disclosure under FOIA. In addition, we had questions about whether trade mission files were made “publicly-available” in a timely and consistent manner, as intended by the policy.

Documentation of recruitment efforts was inconsistent

As shown in Appendix II, overall documentation for trade mission recruitment activities, in terms of percentage, was inconsistent. *Federal Register* notices were found in 60 percent of the files for Secretarial missions and 70 percent of those for non-Secretarial missions. While some files had extensive documentation on all other publicity and recruitment efforts, other files documented little or nothing. These documents are key to showing that the Department sought to open up participation in the missions as widely as possible to potential private sector participants.

Documentation for the selection process was inadequate

The selection process was, for the most part, poorly documented in the trade mission files. Perhaps the most important documentation of this process is the recruitment notices and the selection panel notes, also known as “tier notes.” The policy clearly requires that a record of the decisional process for choosing participants be maintained. However, only 60 percent of mission files contained some tier notes. Most importantly, none of these tier notes were produced in a manner that allows an outside reader of the files to easily or fully determine what factors were used in selecting the mission participants. Without adequate tier notes, it is impossible to fully achieve the policy’s goal of ensuring that the trade missions selection process is both transparent and objective.

We identified a number of reasons for the inadequate documentation. First, there was confusion as to what was to be in the files or maintained for trade missions. In some cases, tier notes were in a public reading room;¹² in other cases, they were maintained by the project managers in personal files. Some were in neither place and could not be located (if they were produced at all). In addition, there is some question as to what constitutes an adequate record of the decisional process. During our interviews, project officers often stated that they were not aware that they needed to document how they reached their decisions or what was required for the files. Others stated that they had intentionally not thoroughly documented the selection process to protect the panel members’ “thought process” from public scrutiny, as well as the business confidentiality of companies being reviewed. These latter concerns, however, seem to run counter to the goal of the policy, which is to provide transparency while still protecting sensitive or proprietary information. We strongly believe that the decisional process should be well-documented. We recommend that the policy requirement for documentation be reemphasized and that guidance be provided to spell out the responsibility and format for each selection panel to produce such records in a way consistent with the policy and FOIA rules.

Documentation for vetting process was inconsistent

The trade mission policy calls for vetting of potential mission participants, following tentative selection, to “ensure that all representations and certifications in the application are accurate and reliable.” The policy indicates that such vetting may involve government agencies where appropriate, but it does not specify the nature of such vetting. Nor does the policy specifically require that records be kept on the tasking and results of the vetting process.¹³ While not specifically required by the trade mission policy,

¹² The Foreign Trade Reference Room, operated by ITA, is a statistical reference room where U.S. companies can research foreign markets for their products. The collection includes not only current U.S. government foreign trade statistics, but also selected trade and economic statistics published by many other countries. (Also see page 15.)

¹³ In general, during the vetting process, potential private sector participants are screened by the Department in order to ensure that there are no known violations of export control or foreign bribery laws and regulations, conflicts of interest, lawsuits against the Department, or other information which might indicate that a participant is inappropriate for inclusion on a particular mission. Although documentation for vetting is not

documentation of vetting requests and results was present in some trade mission files and not in others. We found vetting documentation maintained for 20 percent of the Secretarial missions and 50 percent of the Under Secretarial and Assistant Secretarial missions. We believe that this indicates confusion as to what vetting should be done and what documentation should be maintained. While such documents and notes may be exempt from public release, documentation of the name check process is critical to ensuring that the vetting process is occurring and is eliminating inappropriate applicants. In addition, since documentation of the vetting process is not now required as part of the official files, we are recommending that the Office of the Secretary consider requiring the inclusion of such records in the files.

Documentation for final expense reports was inconsistent

Final expense reports were present in 3 of the 10 trade missions led by the Under Secretary or an Assistant Secretary, and in none of the files for the 10 Secretarial led missions. Although final expense reports are not required by the trade mission policy, we believe, as do many of the project officers interviewed, that maintaining the expense reports in the mission files will provide greater financial accountability for the missions. The trade mission policy, on page 15, states that "Government-wide regulations generally require that all costs incurred directly by the Department on behalf of trade mission participants must be recovered in full from the participants." In addition, a memo to ITA from the Chief Financial Officer and Assistant Secretary of Administration, dated February 5, 1997, provides details concerning trade missions and the requirement to operate then on a full cost recovery basis. In order to determine if the missions are operating under full cost recovery, a final expense report, or "cost report," is essential in order to compare costs versus the authorized budget. Furthermore, the transparency of the process would be better served if the Department, by providing expense reports, could show that the fee charged private sector participants in a trade mission was fair and calculated appropriately according to the mission's budget. Without such documentation present in the mission files, it was impossible for us to determine whether the Department is meeting its goals concerning cost-recovery and the calculation of appropriate participation fees.

Since these expense reports are not required as part of the official trade mission files under the current policy, yet are very important, we are recommending that the Office of the Secretary require their inclusion in the trade mission files and provide guidance as to how actual costs should be matched to mission budgets.

specifically required by the policy, the requirement to conduct thorough vetting for all meetings with the Secretary and all Secretarial-led trade missions was introduced via a memorandum from the Office of the Secretary, dated February 25, 1997. Lists of potential trade mission participants are required to be circulated to Commerce bureaus for name checks. The vetting of recommended applicants is conducted after the initial screening by the Tier I review group. That information is then considered by the Tier II panel before final invitations are made.

Participant evaluations inconsistently documented

As part of the post-mission report, the trade mission policy emphasizes that mission participants “will be requested to complete a mission evaluation form at the conclusion of the mission” and that a summary of these evaluations will be made part of the post-mission report, which is available for public inspection. We noticed variance in this as well. Although the majority of files contained post-mission reports as required, we noted that only 50 percent of the missions led by ITA contained a summary of the evaluations, as required, while 80 percent of the files for those missions led by the Office of the Secretary had the required summary.

Not all trade mission documents are easily available for public review

The trade mission policy emphasizes that the trade mission files, “will be made available to the public,” with redaction of commercially sensitive information provided by applicants and other types of information exempt from disclosure under the FOIA. The mission files are supposed to be made available to the public upon the completion of the trip, and should include the post-mission reports, which must be filed within a month of the conclusion of the mission. However, we noted that many of the files were not available for public inspection on a timely basis, as required by the policy.

While post-mission reports were prepared for all 20 high-level trade missions, only 1 of them was produced within 30 days of the mission’s end, as the policy requires. The average time to complete a post-mission report was more than 7.5 months, including 3 not produced for one year or more after completion of the mission.

We found that the contents of the files were generally available to the public, with some exceptions. Mission files for Secretary-led missions are maintained in a centralized file cabinet, currently located in the Office of Business Liaison, but are not available for public inspection without first contacting the office. Files for ITA-led missions of all levels are made available in ITA’s Foreign Trade Reference Room on a designated shelf. The reference room maintains an index of all the missions, specifying the trip dates, title of missions, and the project officers with their telephone numbers. The public reading room is accessible to the public during normal business hours without an appointment. Although the reference room maintains a login sheet for all visitors as well as for Commerce employees, there is no way of knowing how many visitors came for the mission reports because visitors are not required to specify the purpose of their visits.

While all 20 high-level missions had files maintained in the reference room, we noted that the files often were incomplete. Certain files were sometimes maintained in the office of each mission’s ITA project manager. While the policy does not require centralized files or a public reading room, the current decentralized file structure could be misleading. If a member of the public visits the reference room to examine trade mission files, there would be no way of knowing whether those files were comprehensive or whether other important files related to the trade mission were located elsewhere in the building. The visitor could contact the project officer listed on the index to find out if there are more mission file documents not placed in the reference room. However, in some instances, the project officer listed as

being assigned to a particular mission is no longer available in the building and the index has not been updated with the new contact person, thereby creating an obstacle for a visitor wanting more information on a trade mission. This would seem to violate at least the spirit of “public availability” of the trade mission policy. In addition, if an ITA or Office of the Secretary staff member wished to review the file for a past trade mission and in planning a future mission, it would be difficult to locate complete files for some missions to use as reference.

We also noted instances in which FOIA-protected documents were available in the public reading room files. In several files, we found sensitive information that should not have been available to the public, including trade mission applicants’ visa card numbers, and passport numbers, and negative comments about applicants that were gathered during the vetting process. Given the variance of what was in the files and available for immediate inspection by the public or others, this is another example where it would be helpful to have some concrete guidelines as to what should be in the files and where they should be located. There also needs to be a better quality control over what is placed in the files, to ensure that information protected by FOIA is not in the public reading room files or otherwise released inappropriately.

C. The application process could be made more efficient

We believe that the Department has not taken full advantage of opportunities to address the paper-intensive nature of the trade mission application process. Wider use of information technology could improve the efficiency of the process, thereby providing more time for the Department to evaluate the applicants. We noted that the Office of the Secretary had used the Internet for requests and delivery of trade mission applications, but ITA had not. Considering the widespread use of the Internet by ITA and the Department to promote exporting, and the Department’s role in promoting e-commerce nationwide, we believe that the trade mission application process could be more efficient, at least in part, if handled electronically.

Departmental officials told us that the current process for providing and accepting trade mission applications from respondents was time-consuming, thereby allowing less time for other time-critical management requirements involved in organizing trade missions. In response to a recruitment notice for a trade mission, a potential private sector participant must fax, phone or mail in a request for a trade mission application form, which the company would then complete and fax or mail back to the project officer. After the selection process has been completed, the successful applicant must complete a participation agreement and submit it, with a check for the application fee, to the project officer. This back-and-forth process appears to be inefficient and time-consuming, as well as unnecessarily burdensome to the Department and potential participants.

For one Secretarial-led mission to the Middle East in October 1999, the Office of the Secretary electronically disseminated the trade mission applications via the Internet. We were told that after this mission, the Office of Secretary did not continue to disseminate applications on line due to a sudden departure of a staff member who was responsible for implementing and maintaining the web site which offered the application. By having the application available on the Internet, an applicant was able to

simply download the trade mission application rather than having to request it via the phone or fax. Unfortunately, the application process did not fully use available technology because applicants still had to return the completed applications to the project officers by fax or mail.

ITA has not made trade mission applications available via the Internet, although it has recently started to provide the participation agreement¹⁴ electronically. The participation agreement is required from those who have been selected for participation but it must also be mailed back because the agreement requires a signature. The Department's CIO office is working with departmental and other federal officials to implement an electronic signature program by the end of 2001. At that point, on-line execution of participation agreements should be considered for trade missions.

Trade mission project officers that we interviewed agreed that electronic applications would ease the administrative burden and should enable the Department to widen the reach of its recruitment efforts by utilizing the Internet. Having the application and participation agreement on the Internet would be an excellent use of available technology that will save ITA and its customers time. We are recommending that both the Office of Secretary and ITA make the forms available on line and allow applicants to fill them out on line, thereby reducing or eliminating the need for mail or fax. Current encryption technology should provide protection to allow the collection of commercial and personal information from the applicants via the Internet. Furthermore, adopting information technology solutions in this process, wherever possible, can help protect personal and business proprietary information by having the information in a central database with the "fields" for collecting personal information coded for privacy protection. Such information from the database files could then be more easily sorted and redacted for release to the public upon request. In addition, the application review and selection process should be streamlined by receiving the application information on line and having it automatically linked to a database. A database system would also allow the Department to track and centrally maintain all applications, further improving record retention needs.

D. Certain policy areas need additional implementing guidelines and procedures

The trade mission policy was put in place in 1997 to bring structure and accountability to the Department's conduct of trade missions. The policy laid out clear goals and objectives and basic requirements for the conduct of the missions. After four years, the policy needs to be refined and supported by specific implementing guidelines to help ensure the intended compliance.

We found that the topics covered by the policy statement run the gamut from broad policy goals and objectives to specific implementing steps. Although the policy, as written, is clear on how to implement some steps and criteria, it is less clear on others. For example, a central part of the policy concerns the maintenance and availability of documentation related to trade missions, in order to demonstrate the

¹⁴ The participation agreement is an OMB-approved form through which individual U.S. firms agree to participate in ITA's trade promotion program. The agreement identifies the products and/or services the business intends to sell or promote and records the required fee for participation in an ITA program. The agreement requires a signature from the applicant.

objectivity and transparency of the recruitment/selection process. However, as we noted above, there is a lack of agreement on what and how documentation should be maintained to meet this goal.

The lack of specific, implementing guidelines has had a number of results. For example, there was a wide variance in how trade mission management steps were conducted and documented. In addition, we found two different sets of implementing guidelines: one drafted by a trade mission project officer for a specific mission, and a second drafted by an ITA industry specialist as generic guidance for the operating unit. These guidelines, however, were produced on an ad hoc basis and had not been shared throughout the organization or used uniformly nor were they comprehensive. Clearly, there is a need for specific guidelines to clarify how the trade mission policy should be implemented. At a minimum, guidelines are needed to specify the steps that should be taken to properly handle the planning, recruitment and selection processes and actual conduct of the trade missions. The guidelines should spell out the officials or offices that are responsible for each aspect of the process. They should also provide very specific guidelines for the documentation of all aspects of the trade mission process.

We believe that a revised policy statement, along with a set of implementing guidelines, would help both Commerce officials and trade mission applicants to more easily understand what information and steps are required in the trade mission recruitment and selection process.



The Secretary, in his response to our draft report, indicated that he is committed to following a process of evaluation and action to ensure that trade missions serve their intended public purpose. He noted that our report will be a valuable guide for ongoing efforts to improve trade missions. In addition, ITA stated that many of our findings and conclusions will help improve the Department's use of trade missions. The Acting Under Secretary for International Trade specifically agreed with our recommendations concerning the need to reevaluate whether the trade mission policy should apply to reverse trade missions and to clarify the purpose of the policy's diversity criterion. Furthermore, ITA agreed to use the report to identify other areas that may require corrective action or reconsideration, and work with the Department to make the trade mission policy more effective and useful in the future. The Secretary's and ITA's comments are included in their entirety on pages 22-23.

RECOMMENDATIONS

We recommend that the Secretary of Commerce ensure that the following actions are taken:

1. Consider revising the trade mission policy by:
 - a. Determining whether the full scope of the policy should apply to all reverse trade missions (see page 8).
 - b. Clarifying the purpose of the diversity criterion, what information will be sought from applicants, and how the selection panels should consider the applicants' responses to the diversity question in their decision-making (see page 9).
 - c. Re-examining the policy's requirement regarding the membership of the Tier II selection panel (see page 10).
2. Develop implementing guidelines to accompany a revised trade mission policy that, at a minimum, would describe:
 - a. Specific steps that should be taken to properly handle the planning, recruitment, and selection processes and actual conduct of the trade missions (see page 17).
 - b. Officials to be involved in the trade mission process and their responsibilities (see page 17).
 - c. Necessary documentation for each step of the trade mission process, who is responsible for its production and how, what and where records will be kept in mission files. This should include specific guidelines as to how the selection decisional process should be documented, what format should be used, what steps should be taken to make it publicly available, what quality control measures should be taken to ensure that sensitive information will be adequately protected under FOIA, and whether to include vetting results and final expense reports for each trade mission in the official files (see page 14).
 - b. The nature of the vetting process, and what records should be kept on the tracking and results of the process (see page 13).
 - e. Necessary documentation of budgeted and actual costs of each trade mission (see page 13).
3. Develop and implement electronic application procedures to streamline the trade mission application and review process (see page 15).

Appendix A
Trade Missions: Led by Assistant Secretaries or Higher-Level Commerce Officials
April 1997 - October 2000

Trade Mission	Dates	Led By
1. India Power Renovation & Modernization Trade Mission	4/28/97-5/2/97	ITA Assistant Secretary for Trade Development
2. Secretarial Trade Mission to Argentina, Brazil and Chile	5/11/97-5/20/97	Secretary of Commerce
3. Secretarial Business Development Mission to Canada	8/3/97-8/6/97	Secretary of Commerce
4. Secretarial Trade Mission to India	12/6/97-12/13/97	Secretary of Commerce
5. Secretarial Trade Mission to Turkey	1/8/98-1/21/98	Secretary of Commerce
6. Trade Mission to Southeast Asia	4/11/98-4/18/98	Under Secretary for International Trade
7. U.S. Power Equipment and Services Trade Mission to Japan	5/18/98-5/22/98	Acting ITA Assistant Secretary and Director General of US&FCS
8. Secretarial Trade Mission to Northern Ireland	6/7/98-6/11/98	Secretary of Commerce
9. Trade Mission to Malaysia, Singapore, the Philippines, and Thailand	9/7/98-9/19/98	Under Secretary for International Trade
10. Secretarial Trade Mission to Africa	11/30/98-12/7/98	Secretary of Commerce
11. Business Development Mission to Central America	3/21/99-3/28/99	Under Secretary for International Trade
12. Secretarial Trade Mission to South Korea	3/25/99-3/28/99	Secretary of Commerce
13. Secretarial Trade Mission to China	3/28/99-4/1/99	Secretary of Commerce
14. Secretarial Business Development Mission to the Middle East	10/9/99-10/18/99	Secretary of Commerce
15. Business Development Mission for Women-Owned/Managed Businesses to MERCOSUR	11/9/99-11/13/99	ITA Assistant Secretary and Director General of US&FCS
16. Energy Trade Mission to the Czech Republic, Hungary, and Poland	12/2/99-12/9/99	ITA Assistant Secretary for Trade Development
17. Secretarial Business Development Mission to Brazil, Uruguay, Argentina and Chile	2/13/00-2/21/00	Secretary of Commerce
18. Global Diversity NAFTA Mission to Canada and Mexico	5/8/00-5/12/00	Acting ITA Assistant Secretary and Director General of US&FCS
19. Asia-Pacific Economic Cooperation (APEC) Small and Medium-Sized Enterprises (SME) Ministerial Mission to Brunei Darussalam	6/20/00-6/23/00	ITA Assistant Secretary for Trade Development
20. Women in Business Development Trade Mission to Africa	10/1/00-10/7/00	Acting ITA Assistant Secretary and Director General of US&FCS

Appendix B
Documentation Found in Trade Mission Files During OIG Review

Items Found in Files	Percent of Files Containing Documentation	
	Office of Secretary-Maintained Files	ITA-Maintained Files
Mission Statement	100%	100%
Federal Register Notice	60	70
Other Recruitment Information	40	70
Participant List	100	90
Trade Mission Applications	100	100
Tier Notes*	60	60
Vetting Information**	20	50
Budget Information	100	100
Final Expense Report	0	30
Post-Mission Report	80	70
Participant Evaluations or Summary	80	50

*None of the tier notes found in the files were produced in a manner that allows an outside reader of the files to easily or fully determine what factors were used in selecting the mission participants.

**The trade mission policy calls for vetting or review of the representations and certifications of applicants tentatively selected for missions led by senior Commerce officials to ensure that they are accurate and reliable. While the documentation of either the requests for vetting or the results is not required to be kept in the official files, this information was found in some of the official files.

Appendix C
Secretary of Commerce Response to the Draft Report



UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

MAR 22 2001

MEMORANDUM FOR: Johnnie E. Frazier
Inspector General

FROM: Timothy J. Hauser, Acting 

SUBJECT: Comments on IG Draft Report No. IPE-13934/March 2001:
*Implementation of Commerce's Trade Mission Policy Has
Strengthened Management of the Missions, but More Improvements
Can Be Made*

We feel the IG draft report to be relevant, timely and constructive. After four years of experience with the Department's Trade Mission Policy, there was need for a thorough review of the policy's effectiveness and implementation. The methodology used by the IG was appropriate and thorough, as the report appears to have met its clearly stated scope and objectives. We believe that many of the findings and conclusions contained in the report will serve to strengthen and improve Departmental efforts to use trade missions to further U.S. business interests abroad.

Many of the issues examined in the report have been raised by members of the ITA Trade Events Board, as well as other ITA personnel who have significant experience in the planning and execution of USDOC trade missions. An example is the need to re-evaluate the status of Reverse Trade Missions to determine if the Trade Mission Policy should be amended to exclude these events from following the guidelines prescribed for other trade missions. Ad hoc missions from overseas buyers are the rule, not the exception, and frequently create a challenge to comply with the guidelines. In addition, we agree with the need to clarify the purpose of the diversity criterion used in the application process.

In general, the report does an excellent job of identifying problem areas that require corrective action, as well as drawing attention to other areas that require, at the least, a closer examination. We look forward to receipt of the final IG report in order to begin working with other Department officials to make the Trade Mission Policy more effective and useful.



Appendix D
ITA Response to the Draft Report



THE SECRETARY OF COMMERCE
Washington, D.C. 20230
APR - 6 2001

MEMORANDUM FOR: Johnnie E. Frazier
Inspector General

FROM: Donald L. Evans 

SUBJECT: Trade Mission Policy Inspection Report
(Draft Report No. IPE-13934)

I have reviewed the draft report regarding your inspection of the Department of Commerce Trade Mission Policy. The report offers a thorough account of the strengths and weaknesses of the policy established by the prior Administration and will serve as a valuable guide for the current one in connection with ongoing efforts to restore and maintain public trust in the Department's trade missions.

Trade missions can serve the public interest when they are undertaken to open markets, secure opportunity for American business, and showcase American ingenuity throughout the world. But their effectiveness is undermined by actions that create doubt as to whether they are conducted for public benefit. It is therefore important to guard against the use of these missions as private rewards for those who participate in them.

I am committed to following a process of evaluation and action to ensure that trade missions and all Department of Commerce programs serve their intended public purpose. Your independent assessment of the Trade Mission Policy is an important part of this process, and I commend you for the preparation of a thorough and insightful report.