INTERNATIONAL TRADE ADMINISTRATION

Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts

Final Inspection Report No.IPE-18322/March 2007

PUBLIC RELEASE

Office of Inspections and Program Evaluations
March 30, 2007

MEMORANDUM FOR: Franklin L. Lavin
Under Secretary for International Trade

Michelle O’Neill
Deputy Under Secretary for International Trade

Israel Hernandez
Assistant Secretary for Trade Promotion and Director General of
the U.S. and Foreign Commercial Service

FROM: Johnnie E. Fraizer

SUBJECT: Final OIG Inspection Report
Commerce Can Further Assist U.S. Exporters by Enhancing Its
Trade Coordination Efforts (IPE-18322)

As follow-up to our February 26, 2007, draft report, we are pleased to provide you with our final report evaluating various aspects of Commerce’s trade promotion efforts and the coordination of those efforts with other members of the Trade Promotion Coordinating Committee (TPCC), state trade offices, and other trade partners. We have considered your detailed comments in preparing our final report, as well as those provided by the Under Secretary for Economic Affairs, the Director of the National Institute of Standards and Technology, and the Minority Business Development Agency’s Office of Financial Management. All of the comments that we received on our draft report are attached in their entirety as appendices to this report.

Our report responds to an August 2006 request from three members of the U.S. House of Representatives, including the then-Chairman of the House Small Business Committee. During our review, we found that ITA maintains strong relationships with various trade partners, but opportunities exist for even greater collaboration, particularly through the joint State-Commerce partnership post program. We also found that improvements are needed in ITA’s Internet resources, its process for identifying and communicating trade leads, and the Commercial Service’s operations at multilateral banks.

Additionally, our final report notes that CS’ proposed restructuring plan, as announced on March 28, 2007, will undoubtedly have a substantial impact on State Department staffing requirements at many of the affected embassies and consulates. We trust that ITA and CS will continue to coordinate such reallocations of its overseas staff with the State Department to ensure that State can take account of such changes when it develops its own staffing plans (see page 34).

The report presents a number of recommendations to enhance ITA’s trade promotion efforts, which are summarized on pages 53-56. We are pleased to note that ITA has begun to address many of these recommendations, as noted in your response to our draft report. We request that
you provide us with an action plan addressing the status of the report recommendations within 60 calendar days.

We thank the personnel in ITA headquarters and at the U.S. export assistance centers and CS overseas posts for their assistance and the courtesies they extended to us during our review. If you have any questions about our report, please call me at (202) 482-4661, or Jill Gross, Assistant Inspector General for Inspections and Program Evaluations, at (202) 482-2754.

Attachment
March 30, 2007

MEMORANDUM FOR: Ronald Langston
National Director
Minority Business Development Agency

FROM: Johnnie E. Frazier

SUBJECT: Final Inspection Report
Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts (IPE-18322)

As follow up to our February 26, 2007, draft report, we are pleased to provide you with our final report evaluating various aspects of Commerce’s trade promotion efforts and the coordination of those efforts with other Trade Promotion Coordination Committee (TPCC) agencies, state trade offices, and other trade partners. We have considered your comments in preparing our final report, as well as those provided by the Deputy Under Secretary for International Trade, the Under Secretary for Economic Affairs, and the Director of the National Institute of Standards and Technology. All of the comments that we received to our draft report are attached in their entirety as appendices to this report.

We are pleased that MBDA has concurred with our recommendation that ITA and MBDA coordinate on trade promotion issues by including representatives from local MBDA offices on local district export councils and in relevant meetings and working groups organized by the TPCC, as appropriate. Your response also indicates that MBDA welcomes further coordination with export.gov regarding trade leads on the Phoenix Opportunities database.

Please provide us with an action plan within 60 calendar days that outlines the actions you have taken or plan to take to address our recommendations. We thank you and MBDA personnel for the assistance and courtesies extended to us during our review. If you have any questions or comments about our report, please feel free to contact me on (202) 482-4661, or Jill Gross, Assistant Inspector General for Inspections and Program Evaluations, at (202) 482-2754.

Attachment
March 30, 2007

MEMORANDUM FOR: Robert C. Cresanti
Under Secretary for Technology

William A. Jeffrey
Director
National Institute of Standards and Technology

FROM: Johnnie E. Frazier

SUBJECT: Final Inspection Report
Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts (IPE-18322)

As follow up to our February 26, 2007, draft report, we are pleased to provide you with our final report evaluating various aspects of Commerce’s trade promotion efforts and the coordination of those efforts with other Trade Promotion Coordinating Committee (TPCC) agencies, state trade offices, and other trade partners. We have considered your comments in preparing our final report, as well as those provided by the Deputy Under Secretary for International Trade, the Under Secretary for Economic Affairs, and the Minority Business Development Agency’s Office of Financial Management. All of the comments that we received to our draft report are attached in their entirety as appendices to this report.

We are pleased that NIST has concurred with our recommendation that NIST improve coordination with ITA on trade promotion issues. Your response indicates that the Manufacturing and Extension Partnership will provide additional services to Commercial Service organizations, such as select U. S. Export Assistance Centers, district export councils, and the TPCC.

Please provide us with an action plan within 60 calendar days that outlines the actions you have taken or plan to take to address our recommendation. We thank NIST personnel for the assistance and courtesies extended to us during our review. If you have any questions or comments about our report, please feel free to contact me at (202) 482-4661, or Jill Gross, Assistant Inspector General for Inspections and Program Evaluations, at (202) 482-2754.

Attachment
March 30, 2007

MEMORANDUM FOR: Cynthia A. Glassman
Under Secretary for Economics Affairs

FROM: Johnnie E. Frazier

SUBJECT: Final Inspection Report
Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts (IPE-18322)

As follow up to our February 26, 2007, draft report, we are pleased to provide you with our final report evaluating various aspects of Commerce’s trade promotion efforts and the coordination of those efforts with other Trade Promotion Coordinating Committee agencies, state trade offices, and other trade partners. We have considered your detailed comments in preparing our final report, as well as those provided by the Deputy Under Secretary for International Trade, the Director of the National Institute of Standards and Technology, and the Minority Business Development Agency’s Office of Financial Management. All of the comments that we received to our draft report are attached in their entirety as appendices to this report.

We are pleased that the Economics and Statistics Administration has concurred with our recommendation that STAT-USA and ITA evaluate ways of improving their coordination on identifying trade leads. Your response indicates that ESA and ITA have held informal discussions about this issue over the past year and will continue to discuss ways to work together, so as to eliminate any potential duplication of trade lead efforts.

Please provide us with an action plan within 60 calendar days that outlines the actions you have taken or plan to take to address our recommendation. We thank you and STAT-USA personnel for the assistance and courtesies extended to us during our review. If you have any questions or comments about our report, please feel free to contact me at (202) 482-4661, or Jill Gross, Assistant Inspector General for Inspections and Program Evaluations, at (202) 482-2754.

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EXECUTIVE SUMMARY

In August 2006, three members of the U.S. House of Representatives, including the Chairman of the House Small Business Committee, asked the Commerce Inspector General to review certain aspects of the Department’s efforts to promote export opportunities for small businesses and how it coordinates its trade promotion efforts with other federal government offices and the private sector. The requestors also asked the inspectors general of the Departments of State, Agriculture, and the Treasury; the Small Business Administration; the U.S. Agency for International Development; and the Millennium Challenge Corporation to conduct similar reviews in their agencies. The Commerce Office of Inspector General (OIG) coordinated its review efforts with the other six OIGs, as appropriate.

Commerce’s International Trade Administration (ITA) leads the federal government’s export promotion efforts. The U.S. Commercial Service (CS) is ITA’s chief export promotion organization. CS has a network of trade specialists located in 107 U.S. cities and more than 80 countries worldwide to assist U.S. exporters and represent U.S. commercial interests abroad. Other Commerce organizations also play a role in assisting exporters, including ITA’s Manufacturing and Services and its Market Access and Compliance offices, the Minority Business Development Agency (MBDA), the National Institute of Standards and Technology (NIST), the U.S. Patent and Trademark Office (USPTO), and the Bureau of Industry and Security (BIS).

In 1992, Congress established the Trade Promotion Coordinating Committee (TPCC) to provide a unifying framework for federal export promotion and financing efforts. Among its other activities, the TPCC is required to submit an annual National Export Strategy to Congress. The Secretary of Commerce serves as the chairman of the TPCC, which also includes 19 other federal agencies with responsibility for some aspect of promoting U.S. business overseas. The TPCC secretariat currently reports to Commerce’s CS organization.

Our review focused on (1) Commerce’s coordination on export promotion with federal and state agencies and other stakeholders, and (2) Commerce’s efforts to identify and communicate export opportunities or trade leads and export-related information via the Internet or other means. We also reviewed trade promotion practices in select foreign countries to identify innovative practices that might be relevant for U.S. trade promotion efforts. Our specific observations are as follows:

"The trade promotion agencies of the Federal Government will continue to be a force for achieving more strategic and effective coordination...But this year and in the years to come, the agencies will also increasingly reach out to, and rely upon, new partners to promote greater participation of U.S. companies in the global economy."

-Carlos M. Gutierrez, Secretary of Commerce, introducing The 2006 National Export Strategy

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1 The U.S. Commercial Service is also referred to as the U.S. and Foreign Commercial Service.
2 The OIGs from several other TPCC agencies have identified some concerns with the current process of drafting The National Export Strategy. We plan to highlight those concerns in a separate memorandum to the Department.
Strong partnerships facilitate many of Commerce’s trade promotion efforts. We found that Commerce works closely with many partners, including other federal agencies, state and local government agencies, and private sector organizations. Commerce’s domestic U.S. export assistance centers (USEACs), in particular, maintain active partnerships with local and national organizations. The TPCC Secretariat is active in working with other agencies on various trade promotion priorities. Despite these cooperative relationships, however, we found that further collaboration in some areas could enhance Commerce’s trade promotion efforts.

Opportunities exist for greater collaboration with trade partners. We found that regular communication among the TPCC agencies on specific trade promotion issues would strengthen interagency collaboration. Such issues include identifying and communicating trade leads, delivering information and services for exporters via the Internet, providing trade finance assistance to U.S. companies, and developing trade capacity building programs. The TPCC has not developed any working groups or other forums that regularly meet to improve interagency coordination on these issues.

Additionally, many state governments offer services to companies similar to those offered by CS, and, in some cases, a sense of competition hinders collaboration. Cooperation between CS and many state trade offices is excellent, but greater efforts by CS may further facilitate CS-state cooperation. Such efforts could include inviting the states’ participation in the Commerce-organized councils of local exporters and international trade professionals (district export councils) and including them in TPCC training and ITA industry teams. CS should also establish procedures for sharing export success credits with state trade offices.

Commerce should also seek to further engage the 58 district export councils (DECs) and their more than 1,600 members who have substantial experience in international trade. Because many of the councils are currently inactive and play a limited role in supporting CS’ trade promotion efforts, there may be greater opportunities for CS to help energize and leverage the resources of the councils. CS has begun to evaluate how the DECs could better support trade promotion efforts, but it has not yet developed a plan that defines their role in trade promotion efforts and how the councils can provide meaningful feedback to CS on the value of its products and services for exporters. CS also has not updated its District Export Council Handbook, which could provide additional guidance to the council members and the USEAC staff. Because the DECs typically represent small and medium-sized companies, it would be valuable for a national DEC representative to be appointed to the President’s Export Council, which advises the President on export-related issues but whose current membership includes few representatives of larger companies.

Finally, increased coordination between different organizations within the Commerce Department could also enhance trade promotion efforts. There are opportunities for CS to further improve its coordination with the Manufacturing Extension Partnership (MEP), administered by the National Institute of Standards and Technology (NIST), and the Minority Business Development Agency (MBDA) on recruiting for trade missions, trade events, and information sessions, and providing business assistance to local companies. In addition, CS could regularly include local MBDA and MEP offices in the district export councils meetings. Greater coordination among these three Commerce agencies should help each agency improve its
export assistance to small and medium-size companies. CS could also work more closely with STAT-USA, part of Commerce’s Economics and Statistics Administration (ESA), on identifying export opportunities of value to U.S. companies. Within ITA, greater coordination on client outreach efforts by its various offices would avoid duplication and add value to these efforts. (See page 8.)

Commerce and the State Department should strengthen their cooperative efforts to support partnership posts. In countries where CS does not maintain an office, the State Department is responsible for representing U.S. commercial interests and assisting U.S. exporters. The countries served by State’s economic and commercial sections in the U.S. embassy, commonly referred to as partnership posts, are generally smaller, more difficult export markets. These posts can best serve U.S. exporters by maintaining an active partnership with the nearby CS post that has regional responsibility for the partnership post’s territory and with the USEACs, which work directly with companies that may be interested in pursuing business opportunities in countries served by partnership posts.

Many partnership posts provide assistance to U.S. exporters and work closely with some USEACs. However, better coordination between Commerce and State would improve the effectiveness of export assistance at the partnership posts. Commerce and State have discussed the partnership program extensively at the working level, but have never formally agreed on how the program should be coordinated and what their respective responsibilities are for supporting the commercial function at the partnership posts. Lacking such an agreement and corresponding guidance from CS and State management, some confusion exists among CS and State officers about their own roles and responsibilities to support the partnership posts and export promotion efforts in the partnership post countries.

CS management needs to provide its posts with clear guidance on their role in supporting partnership posts, and should ensure that such support is recognized by CS’ performance measures. CS can strengthen partnership post operations by (1) providing these posts better access to CS’ information technology (IT) resources, (2) integrating CS’ and State’s commercial websites, (3) coordinating market research efforts, and (4) ensuring that the performance measures for CS officers and staff recognize their work to support partnership posts. CS and State need to develop a formal agreement that establishes a joint planning mechanism for partnership post operations, outlines payment procedures and quality standards for services provided at partnership posts, establishes an appropriate training program for partnership post staff, and clarifies export success reporting procedures for partnership post exports. CS should also work with State to provide additional information on partnership post services to its USEAC staff and open communication channels between CS’ Office of Domestic Operations and State’s Bureau of Economic and Business Affairs. (See page 21.)

Despite recent progress, ITA can further improve the effectiveness of its Internet trade promotion resources. Commerce has recently improved its Internet resources for U.S. companies. The websites maintained by ITA contain a wealth of information to help U.S. companies expand their exports. However, more could be done to clarify the decision-making responsibility for organizing Internet content within ITA. Many overlapping websites still exist within the bureau, requiring exporters to visit numerous sites to obtain comprehensive
information on specific issues. In addition, export.gov, the TPCC’s federal Internet portal managed by ITA, contains limited information from other TPCC agencies. Commerce needs to work with these agencies to discuss how to better coordinate federal Internet resources for exporters. (See page 35.)

**Identification and communication of trade leads should be improved.** Most CS trade specialists noted that trade leads result in few direct export successes, but they still felt that trade leads (descriptions of specific export opportunities) can assist trade promotion efforts. However, we found that CS could make trade leads more useful by improving the processes and technology used to collect the leads from federal agencies and communicate them to exporters.

Currently, the database on the TPCC Internet portal only contains trade leads from CS overseas offices and from some State Department partnership posts. Several other TPCC agencies as well as some other Commerce organizations have information on substantive export opportunities that could be included in the TPCC trade lead database. Instead of aggregating these leads on one federal website, however, these other organizations are posting trade leads on their own websites, making it difficult for U.S. exporters to search for all relevant trade opportunities. In addition, the TPCC database does not take advantage of available technology to allow for automatic notification of export opportunities that match a company’s industry profile, which could be a useful tool for busy exporters. (See page 41.)

**Commerce can better communicate opportunities at the multilateral development banks.** CS’ Advocacy Center, which oversees Commerce’s operations at the five multilateral development banks, the CS officers assigned to the banks, and some USEAC staff have taken positive steps to increase U.S. exporters’ awareness of opportunities at the banks. While most CS officers and many state trade agencies and other federal agencies were aware that CS maintains personnel at each bank, we found that many USEACs, state trade agencies, and exporters did not fully understand the trade finance and procurement opportunities at the banks. The Advocacy Center should provide more information to key stakeholders on trade finance and direct procurement opportunities at the banks and coordinate future exporter outreach efforts with the USEACs. (See page 47.)

On page 47, we list a summary of our recommendations to address the concerns outlined in this report.

**Agency Responses to OIG Draft Report and OIG Comments**

The Deputy Under Secretary for International Trade provided a thorough response to our draft report that indicated ITA’s agreement with most of our recommendations. We appreciate ITA’s careful consideration of our report and the actions taken and planned to address our recommendations. In its response, ITA outlined several efforts to further enhance CS’ collaboration with state trade offices and other Commerce bureaus, including ESA, MBDA, and NIST. ITA also expressed its commitment to working effectively with the DECs, although it did not directly address all of our recommendations to enhance its working relationship with the councils. In response to our recommendation on better coordinating client outreach efforts, ITA
emphasized that its internal coordination is improving but acknowledged that coordination could be further enhanced.

In response to our several recommendations to improve CS’ coordination with the State Department on the partnership post program, ITA outlined many ongoing, positive initiatives to improve coordination on the program and provided a copy of its interim guidance for CS posts and its proposed MOU with the State Department. ITA concurred with our recommendations to improve its Internet resources and consolidate other agencies’ trade leads into export.gov and outlined plans to address these recommendations. ITA’s response provided additional detail on its multilateral development bank operations, but did not directly address all our recommendations to enhance those operations. We ask that ITA provide additional detail on its implementation of these recommendations as part of its action plan, which we request be submitted within 60 days of this final report to address the status of all the report’s recommendations.

ITA’s response also discussed the responsibilities of the ITA web governance board in response to our recommendation to streamline and clarify the decision-making process for organizing ITA Internet content. The response’s characterization of the responsibilities and authorities of the ITA web governance board, however, is inconsistent with what we heard from web governance board members during our review. ITA should ensure that all board members fully understand their mandate. We ask that ITA provide additional clarification of the board’s responsibilities as part of its action plan.

The Under Secretary for Economic Affairs provided a response agreeing to our recommendation that STAT-USA and ITA evaluate ways of improving their coordination on identifying trade leads. The response indicated that ESA has held informal conversations with CS staff over the past year on consolidating and improving sources of information on trade leads. The Under Secretary committed ESA to continuing these discussions with the object of eliminating unnecessary duplication between the agencies’ trade lead efforts. We appreciate the Under Secretary’s response and the actions that ESA has taken and plans to take to better integrate the Department’s trade lead efforts.

The Director of the National Institute of Standards and Technology also provided a response addressing our recommendation for enhanced cooperation between NIST’s Manufacturing Extension Partnership and CS. NIST concurred with our recommendation and outlined plans to work more closely with CS in the future to better serve the needs of CS and MEP clients.

The Minority Business Development Agency provided a response concurring with our recommendations on enhanced MBDA-CS coordination. We discuss the ITA, ESA, NIST, and MBDA responses to our findings and recommendations in detail at the end of each chapter of the report. We have also included copies of the responses to our draft report in their entirety as appendices to this report.
BACKGROUND

The International Trade Administration (ITA) leads the federal government’s efforts to encourage, assist, and promote U.S. nonagricultural exports and help ensure that U.S. companies have fair access to foreign markets. Within ITA, the U.S. and Foreign Commercial Service (CS) has trade specialists located in 107 U.S. cities and over 80 countries worldwide tasked with assisting U.S. exporters and representing U.S. commercial interests abroad. ITA’s Market Access and Compliance office (MAC) assists U.S. companies in obtaining access to foreign markets for their products and monitors other countries’ compliance with their trade agreements. Specialists in ITA’s Manufacturing and Services (MAS) organization work with industry associations and firms to identify trade opportunities and obstacles by product and service, industry sector, and market.

Other bureaus within Commerce complement ITA’s trade promotion efforts. The Manufacturing Extension Partnership (MEP), part of the National Institute of Standards and Technology (NIST), provides technical assistance to manufacturing companies, some of which may benefit from greater involvement in international markets. The Minority Business Development Agency (MBDA) provides assistance to minority-owned businesses and may provide counseling on international trade issues when appropriate. The Bureau of Industry and Security (BIS) counsels businesses on compliance with export control regulations, and the U.S. Patent and Trademark Office (USPTO) provides some assistance to companies on overseas intellectual property protection issues. STAT-USA, part of Commerce’s Economics and Statistics Administration (ESA), compiles international trade data that it provides to subscribers for a fee.

The Trade Promotion Coordinating Committee

While Commerce is the federal government’s lead trade promotion agency, many other federal agencies have some responsibility for assisting U.S. exporters. In order to coordinate the federal government’s export promotion efforts and eliminate duplication, Congress established the Trade Promotion Coordinating Committee (TPCC). The Export Enhancement Act of 1992 established the committee, comprised of 19 federal agencies, and designated the Secretary of Commerce as its chairman (see Figure 1). The objectives of the TPCC, as outlined in the Act, are to: (1) provide a unifying framework to coordinate the export promotion and financing activities of the United States Government, and (2) develop a governmental strategic plan for carrying out federal export promotion and export financing programs.

The full committee, chaired by the Secretary,
typically meets once per year, although the principals from the more active member agencies meet informally during the year at other venues, such as secretarial trade missions. The TPCC secretariat, which currently has three full time staff members, is housed within CS. The TPCC submits an annual National Export Strategy to the Congress summarizing the trade promotion efforts of the various member agencies. The committee also organizes training for member agencies to educate their staffs on the range of federal trade promotion activities.

**U.S. Export Assistance Centers**
The Export Enhancement Act of 1992 also established the U.S. export assistance centers (USEACs), which Congress intended to be one-stop shops for U.S. businesses seeking export-related assistance. There are currently 107 USEACs that operate as the domestic field network of the Commercial Service. All of them have CS trade specialists that provide general export assistance. The U.S. Small Business Administration (SBA) maintains staff at 17 USEACs to assist exporters with trade finance inquiries. Export-Import Bank of the United States (ExIm Bank) also has trade finance specialists at several USEACs, including New York, Philadelphia, and San Francisco.

**Export Assistance at U.S. Overseas Posts**
Commerce’s Commercial Service has the primary responsibility for assisting exporters in foreign countries through its network of overseas offices in over 80 countries. CS maintains offices in countries that represent the more significant export markets for U.S. goods and services. In countries without CS offices, the State Department is responsible for representing U.S. commercial interests and assisting U.S. exporters. The cooperation between the State Department and Commerce to provide export assistance in countries where CS does not have an office represents one of the key federal interagency trade promotion relationships.

Currently, the State Department has 140 embassies and priority consulates in 110 countries that do not have CS offices but which qualify for State Department funding for commercial programs. State either has a designated commercial or economic officer or an office that has previously participated in commercial activities in 94 of these countries (see Table 1). Most of these posts—generally referred to as partnership posts—will likely continue to be served by the State Department in the future because of CS resource constraints.
## Table 1: Partnership Posts and CS regional posts

<table>
<thead>
<tr>
<th>CS Post</th>
<th>Partnership Posts</th>
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<tbody>
<tr>
<td><strong>Africa, Near East, and South Asia (ANESA)</strong></td>
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<tr>
<td>Nairobi, Kenya</td>
<td>Addis Ababa, Ethiopia; Bujumbura, Burundi; Dar Es Salaam, Tanzania; Djibouti, Djibouti; Kinshasa, Congo; Kampala, Uganda; Port Louis, Mauritius; Kigali, Rwanda</td>
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<tr>
<td>Johannesburg, South Africa</td>
<td>Antananarivo, Madagascar; Lilongwe, Malawi; Maputo, Mozambique; Gaborone, Botswana; Luanda, Angola; Mbabane, Swaziland; Harare, Zimbabwe; Lusaka, Zambia; Windhoek, Namibia.</td>
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<tr>
<td>Dakar, Senegal</td>
<td>Bamako, Mali; Lome, Togo; Nouakchott, Mauritania; Banjul, the Gambia; N'Djamena, Chad; Ouagadougou, Burkina Faso; Conakry, Guinea; Niamey, Niger; Praia, Cape Verde; Cotonou, Benin; Monrovia, Liberia; Yaoundé, Cameroon</td>
</tr>
<tr>
<td>Amman, Jordan</td>
<td>Damascus, Syria</td>
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<tr>
<td>Riyadh, Saudi Arabia</td>
<td>Manama, Bahrain; Sana’a, Yemen</td>
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<tr>
<td>Dubai, UAE</td>
<td>Muscat, Oman</td>
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<tr>
<td>Cairo, Egypt</td>
<td>Tripoli, Libya; Tunis, Tunisia; Beirut, Lebanon (CS locally-hired staff)</td>
</tr>
<tr>
<td>New Delhi, India</td>
<td>Colombo, Sri Lanka; Dhaka, Bangladesh; Kathmandu, Nepal</td>
</tr>
<tr>
<td>Casablanca, Morocco</td>
<td>Algiers, Algeria (CS locally-hired staff)</td>
</tr>
<tr>
<td>Unaffiliated (No assigned CS regional post)</td>
<td>Islamabad, Pakistan (CS locally-hired staff); Kabul, Afghanistan; Abidjan, Cote d’Ivoire; Asmara, Eritrea; Brazzaville, Dem. Rep. of Congo; Freetown, Sierra Leone; Khartoum, Sudan; Libreville; Gabon; Maseru, Lesotho</td>
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<tr>
<td><strong>Europe (EUR)</strong></td>
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<td>Ankara, Turkey</td>
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<td>Bucharest, Romania</td>
<td>Chisinau, Moldova</td>
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<td>Vienna, Austria</td>
<td>Ljubljana, Slovenia</td>
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<td>Athens, Greece</td>
<td>Nicosia, Cyprus</td>
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<td>Stockholm, Sweden</td>
<td>Reykjavik, Iceland; Riga, Latvia</td>
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<td>Zagreb, Croatia</td>
<td>Sarajevo, Bosnia and Herzegovina</td>
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<td>Helsinki, Finland</td>
<td>Tallinn, Estonia</td>
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<td>Rome, Italy</td>
<td>Valletta, Malta</td>
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<td>Warsaw, Poland</td>
<td>Vilnius, Lithuania</td>
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<tr>
<td>BISNIS (Business Information Service for the Newly Independent States)*</td>
<td>Tbilisi, Georgia; Yerevan, Armenia; Bishkek, Kyrgyzstan; Dushanbe, Tajikistan; Tashkent, Uzbekistan</td>
</tr>
<tr>
<td>Unaffiliated (No assigned CS regional post)</td>
<td>Luxemburg, Luxembourg; Minsk, Belarus; Pristina, Kosovo Region; Ashgabat, Turkmenistan</td>
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<tr>
<td>Currently Unaffiliated; Formerly with CEEBIC**</td>
<td>Skopje, Macedonia; Tirana, Albania</td>
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<td><strong>Western Hemisphere (WI)</strong></td>
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<tr>
<td>Sao Paulo, Brazil</td>
<td>Asuncion, Paraguay</td>
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<td>Mexico City, Mexico</td>
<td>Belize City, Belize</td>
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<tr>
<td>Santo Domingo, Dominican Republic</td>
<td>Bridgetown, Barbados; Georgetown, Cayman Islands; Kingston, Jamaica; Nassau, Bahamas; Paramaribo, Suriname; Port au Prince, Haiti; Port of Spain, Trinidad and Tobago</td>
</tr>
<tr>
<td>Santiago, Chile</td>
<td>La Paz, Bolivia</td>
</tr>
<tr>
<td>San Jose, Puerto Rico (USEAC)</td>
<td>Managua, Nicaragua</td>
</tr>
<tr>
<td>Buenos Aires, Argentina</td>
<td>Montevideo, Uruguay (CS locally-hired staff)</td>
</tr>
<tr>
<td>Guatemala City, Guatemala</td>
<td>Tegucigalpa, Honduras</td>
</tr>
<tr>
<td><strong>East Asia/Pacific (EAP)</strong></td>
<td></td>
</tr>
<tr>
<td>Singapore, Singapore</td>
<td>Bandar Seri Begawan, Brunei</td>
</tr>
<tr>
<td>Sydney, Australia</td>
<td>Suva, Fiji</td>
</tr>
<tr>
<td>Beijing, China</td>
<td>Ulaanbaatar, Mongolia</td>
</tr>
</tbody>
</table>
The Trade Promotion Role of Non-Federal Organizations

Many other non-federal entities also have a role in supporting U.S. exporters. Forty-nine of the 50 states maintain trade offices that provide varying levels of support for exporting companies; 39 of these are members of an umbrella organization of state trade offices, the State International Development Organizations (SIDO). Some of these states maintain substantial networks of overseas offices that provide some of the same services available at CS’ overseas offices, while others rely extensively on CS’ overseas office network (see Table 2).

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Overseas Offices</th>
<th>Overseas Representatives</th>
<th>Scope of coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>18</td>
<td>28</td>
<td>49 countries including the European Union (EU)</td>
</tr>
<tr>
<td>Florida</td>
<td>13</td>
<td>14</td>
<td>13 countries plus selected EU countries</td>
</tr>
<tr>
<td>Georgia</td>
<td>11</td>
<td>17</td>
<td>13 countries plus selected EU countries</td>
</tr>
<tr>
<td>Maryland</td>
<td>11</td>
<td>N/A</td>
<td>9 countries plus selected EU countries</td>
</tr>
<tr>
<td>Illinois</td>
<td>9</td>
<td>N/A</td>
<td>140-plus countries (from website)</td>
</tr>
<tr>
<td>Washington</td>
<td>8</td>
<td>8</td>
<td>7 countries</td>
</tr>
<tr>
<td>North Carolina</td>
<td>6</td>
<td>13</td>
<td>6 countries plus selected EU countries</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>5</td>
<td>10</td>
<td>5 countries plus selected EU countries</td>
</tr>
<tr>
<td>Michigan</td>
<td>1</td>
<td>3</td>
<td>2 countries plus selected EU countries</td>
</tr>
<tr>
<td>Delaware</td>
<td>0</td>
<td>3</td>
<td>4 countries</td>
</tr>
<tr>
<td>Nevada</td>
<td>N/A</td>
<td>10</td>
<td>12 countries</td>
</tr>
</tbody>
</table>

*Source: state trade offices*

Multilateral lending institutions are also of interest to U.S. exporters. The U.S. government has contributed capital to five multilateral development banks—the World Bank, the European Bank for Reconstruction and Development, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank. These banks, located in Washington, D.C. and three foreign cities, are international institutions established to promote economic development and alleviate poverty (see Table 3). While the banks have no interest in promoting U.S. exports, the development projects funded by the banks can represent substantial export opportunities for U.S. companies. In order to assist U.S. firms pursuing such opportunities, the Omnibus Trade and Competitiveness Act of 1988 required Commerce to maintain commercial liaisons at these banks. The Advocacy Center, housed within CS, has overseen and managed Commerce’s representation to the five multilateral development banks since 2004. The commercial liaison officer positions are mostly staffed by CS commercial officers assigned to the banks on a rotating basis.

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*These posts have locally-hired Commerce staff at the post who work for Commerce’s BISNIS program. These staffers provide some support for U.S. exporters, but do not provide the same services as CS’ locally-hired staffers and do not report to the SCOs in neighboring posts.*

**CEEBIC—CS’ Central and Eastern Europe Business Information Center—has been dissolved.**

_Sources: State Department and CS_
Many other organizations also support U.S. exporters and thus could assist Commerce in its export-promotion mission. Many states maintain networks of Small Business Developments Centers, in partnership with the U.S. Small Business Administration, which can provide export assistance. Chambers of Commerce and various other private trade associations also provide export assistance to companies.

<table>
<thead>
<tr>
<th>Table 3: Locations of the Multilateral Development Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Group</td>
</tr>
<tr>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>African Development Bank</td>
</tr>
<tr>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>Inter-American Development Bank</td>
</tr>
<tr>
<td>World Bank</td>
</tr>
</tbody>
</table>

*Source: Advocacy Center*
OBJECTIVES, SCOPE, AND METHODOLOGY

The Office of Inspector General conducted this review in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency, dated January 2005, and under the authority of the Inspector General Act of 1978, as amended, and Departmental Organization Order 10-13, dated August 31, 2006.

The objectives of our review were to:

- Determine whether Commerce, TPCC, or other federal entities are maintaining a comprehensive and useful Internet portal for export-ready companies, effectively leveraging the export.gov portal, and avoiding duplication of IT resources;
- Determine the adequacy of and mechanisms for communicating trade leads and other relevant trade information from Commerce and non-Commerce sources to prospective exporters;
- Assess coordination and information sharing at the USEACs between Commerce, SBA, and ExIm Bank;
- Determine whether Commerce’s communications network adequately supports the State Department’s commercial functions at partnership posts and whether activities at those posts are adequately coordinated with Commerce’s export promotion activities;
- Review the adequacy of trade promotion coordination and information sharing between Commerce and state and local government trade organizations and private trade associations to facilitate the matching of export opportunities with export-ready small businesses; and
- Using available information, compare the processes used for communicating export opportunities in select countries with those used by the U.S. government to determine whether there are lessons to be learned from Canada, Japan, France, or Germany.

To accomplish our objectives, we performed the following tasks:

- Reviewed relevant ITA, U.S. government, and foreign government Internet resources;
- Reviewed relevant documents, including the National Export Strategy and past reports issued by OIG and the Government Accountability Office;
- Met with all members of ITA’s web governance board;
- Met with officials in various Commerce bureaus, including ITA’s three primary trade policy or promotion units—the Commercial Service, Market Access and Compliance, and Manufacturing and Services; the Economics and Statistics Administration’s STAT-USA; the Minority Business Development Agency; and the National Institute of Standards and Technology’s Manufacturing Extension Partnership program;
- Visited ten U.S. Export Assistance Centers, including some that were collocated with SBA and ExIm Bank, and one MBDA regional office, and spoke with several additional USEAC network directors by telephone;
- Met with officials in the State Department’s Bureau of Economic and Business Affairs and worked with that bureau and State OIG on a survey sent to all State partnership posts;
- Met with several other TPCC agencies, including the U.S. Department of Agriculture’s Foreign Agricultural Service (FAS), the Treasury Department, the Overseas Private
Investment Corporation (OPIC), the U.S. Trade and Development Agency (TDA), SBA, the U.S. Agency for International Development (USAID), and ExIm Bank;

- Conducted phone interviews with the senior commercial officers at six CS parent posts;
- Met with multiple trade partners, including the National Association of Manufacturers, the U.S. Chamber of Commerce, the Small Business Exporters Association, and others;
- Conducted phone interviews with representatives from 16 state trade agencies;
- Met with the head of the Advocacy Center and Commerce officers at all five multilateral development banks and spoke with three U.S. executive directors at the multilateral development banks;
- Attended the National District Export Council conference in New Orleans, Louisiana from October 30 – November 1, 2006;
- Interviewed officials in Canada’s international trade ministry (by telephone).

This review was prompted by a request made in August 2006 to seven inspectors general from two members of the Small Business Committee of the U.S. House of Representatives, including the then-Chairman, as well as another representative. The members asked each Inspector General to review specific aspects of federal trade promotion efforts. Because the TPCC secretariat is housed in the Department of Commerce, Commerce OIG has helped coordinate the reviews of the other OIGs, as they relate to the National Export Strategy and the TPCC’s role in facilitating federal trade coordination. Commerce OIG hosted two interagency meetings of the OIG review teams on October 5, 2006, and December 8, 2006, and scheduled and attended meetings with the Treasury and State Departments, USAID, and FAS. Commerce OIG has also scheduled and attended meetings within the Commerce Department that were requested by other OIGs.

We conducted our fieldwork from September through December 2006 at (1) Commerce and ITA headquarters in Washington, D.C.; (2) NIST headquarters in Gaithersburg, Maryland; (3) USEACs located in Arlington and Richmond, Virginia; Baltimore, Maryland; Philadelphia, Pennsylvania; Chicago, Libertyville, and Rockford, Illinois; Milwaukee, Wisconsin; and San Francisco and San Jose, California; (4) the National District Export Council conference in New Orleans; (5) various trade associations in Washington, D.C., and Burke, Virginia; and (6) the regional MBDA office in Chicago.

We discussed our findings with the Deputy Under Secretary for International Trade, the Assistant Secretary for Trade Promotion and Director General of the U.S. & Foreign Commercial Service, and other Commerce officials both during and at the conclusion of our review.
OBSERVATIONS AND CONCLUSIONS

I. Opportunities Exist for Greater Collaboration with Trade Partners

ITA and CS maintain strong links to many different organizations that promote U.S. trade and offer assistance to U.S. exporters. The Department and ITA are responsible for spearheading federal interagency coordination on trade promotion through the TPCC. CS also works with other parts of Commerce, state and local trade offices, and various other public and private entities. Many of these relationships are productive, but Commerce could enhance its export promotion efforts by further improving collaboration with and expanding its outreach to others in both the public and private sectors.

A. The Trade Promotion Coordinating Committee should further promote interagency coordination

The TPCC is required by law to provide a “unifying framework” to coordinate the export promotion and export financing activities of the federal government and develop a strategic plan for those activities. In order to accomplish these objectives, the Export Enhancement Act of 1992 explicitly assigns specific duties to the TPCC, including the duty to “coordinate official trade promotion efforts to ensure better delivery of services to United States businesses.”

Currently, the TPCC focuses its limited resources on preparing an annual National Export Strategy document, providing training to the staff of TPCC member agencies, and conducting ad hoc interagency meetings to address specific issues, such as Secretarial trade missions, meetings to discuss proposed free trade agreements, and other Secretarial initiatives. Several years ago, the TPCC held meetings to coordinate Internet issues, but these meetings have not continued. In addition to these TPCC-led efforts, many of the TPCC member agencies coordinate among themselves through informal channels.

While some of the TPCC’s efforts to promote interagency cooperation achieve positive results, in particular the TPCC training program, we found the TPCC should do more to promote regular interagency coordination on specific aspects of trade promotion. Informal channels, ad hoc meetings, and the writing of an annual report are useful activities, but are not sufficient to adequately coordinate all of the ongoing export promotion and export financing activities of the 19 TPCC agencies. Several agencies told us that the TPCC’s ad hoc meetings are valuable, but such meetings are not very suitable for coordinating and integrating regular trade promotion activities. In addition, the existing process of writing and reviewing the National Export Strategy, in which participating agencies provide narratives describing their trade promotion activities to the TPCC secretariat and review drafts of the plan as prepared by Commerce, is not an effective mechanism for coordinating and integrating regular activities.  

Improving interagency coordination requires structured working groups that meet regularly and have a clear mandate to collaborate on specific aspects of trade promotion. Such groups would implement a strategic planning process to jointly identify program priorities, goals and objectives and collaborate on efforts to achieve these objectives. Specific issues that could benefit from the

1 The OIGs from several other TPCC agencies have identified some concerns with the current process of drafting the National Export Strategy. We plan to highlight those concerns in a separate memorandum to the Department.

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greater interagency coordination that could be facilitated by TPCC working groups include identifying and communicating trade leads, delivering information and services via the Internet, providing trade finance assistance to U.S. companies, and assisting other countries in building trade capacity in a manner that complements U.S. trade promotion efforts.

**Trade Leads**
We found that many federal agencies have information that might identify export opportunities for U.S. companies (trade leads) which is not being communicated to U.S. companies in any coordinated way. The TPCC has not created a one-stop source of trade leads despite its mandate to “provide a central source of information for the business community on federal export promotion and export financing programs.”

(See chapter IV of this report for a discussion of trade leads.)

**Internet Resources**
Federal agencies’ efforts to provide information and services for exporters via the Internet are uncoordinated, and the TPCC has not addressed the problem. The TPCC established the export.gov Internet portal for export-related information in 2000, but the website primarily presents information from CS with links to other federal websites. One senior CS IT official noted there is “very little contact with other agencies.”

There is little or no commitment from any TPCC agency outside of Commerce to contribute content or further develop export.gov. One senior official we spoke to from a TPCC agency was not even aware of several of export.gov’s functions and had plans to develop a similar site at his agency. As our office previously recommended in 2001, ITA should take the lead in formalizing a TPCC Internet working group and obtaining a commitment of resources from all relevant agencies to reduce duplication and develop Internet resources that focus on client needs, not agency functions. Examples of such initiatives would be improved web content on trade leads and trade finance resources on the TPCC Internet portal, export.gov. (See chapter III of this report for a discussion of ITA’s Internet resources for exporters.)

**Trade Finance**
The TPCC currently has no working group on trade finance issues and should establish one to improve coordination of services between the agencies that provide loans, guarantees, insurance, and other financial services for exporters (trade finance agencies). We found that Commerce, SBA, and ExIm Bank staff generally work well together at the USEACs, with SBA and ExIm staff providing trade finance assistance to companies referred by CS trade specialists. However, we found little coordination between Commerce’s operations at the multilateral development banks and the primary TPCC trade finance agencies. Commerce maintains officers and staff at the five multilateral development banks in which the U.S. has a significant equity position and most of these banks offer some trade finance services that might be useful for U.S. companies. Some of these services, such as investment guarantees or direct loans through the World Bank group, could complement services available through the U.S. trade finance agencies.

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We spoke with some senior officials at federal trade finance agencies who were unaware of the specific finance products available to U.S. companies through the multilateral development banks. These officials told us that their agencies are not currently referring their clients to the banks. OPIC does refer its clients to the multilateral development banks, but does not always inform those clients that CS maintains staff at the banks that could assist them. A TPCC working group on trade finance could help encourage cooperation among federal trade finance agencies and focus them on how the government as a whole can better serve the trade finance needs of U.S. exporters.

**Trade Capacity Building**

The TPCC also has no forum to help coordinate the government’s various trade capacity building programs (see Figure 2). These projects, many of which focus on infrastructure and systems development in a foreign country, are primarily intended to support overseas economic development efforts. However, trade capacity building efforts can also support U.S. exports as well by targeting specific issues that inhibit foreign countries from importing (e.g., improving customs procedures or port facilities). Additionally, individual trade capacity-building projects can lead to export opportunities for U.S. firms.

USAID, the Trade and Development Agency, and the Treasury Department are TPCC members and each is involved in promoting an increase in the trading capacity of foreign countries. USAID programs regularly support trade capacity building initiatives, and the Treasury Department is regularly called upon to make decisions regarding trade capacity building projects at the multilateral development banks. The Millennium Challenge Corporation, while not currently an official member of the TPCC, also sponsors trade capacity building projects and should be involved in any interagency efforts this area. Some TPCC members that are not directly involved in trade capacity projects, including Commerce and the State Department, could nonetheless contribute useful information on trade capacity priorities in certain countries.

Currently, no adequate forum exists to promote dialogue between the agencies with a role in trade capacity building programs and those—including Commerce—that have knowledge of specific barriers to U.S. exports in foreign countries. A TPCC-sponsored working group could create such a forum. While such a group would logically be chaired by an agency such as USAID or Treasury that has a major trade capacity building mission, not Commerce, the TPCC’s legislative mandate grants the Secretary of Commerce the authority to coordinate the trade promotion activities of the TPCC agencies. To the extent that trade capacity building programs

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4 The Millennium Challenge Corporation is a U.S. government-owned corporation established in January 2004 with the stated mission to reduce poverty through economic growth while targeting aid to reward countries with good public policies. Since 2004, the Millennium Challenge Corporation has received approximately $4 billion in U.S. government appropriations.
can support U.S. trade promotion efforts, the Secretary and ITA have a mandate to encourage greater coordination of the trade promotion aspects of those programs.

B. ITA should enhance its coordination with other Commerce Bureaus

While most of Commerce’s trade promotion efforts are undertaken by ITA, other Commerce bureaus have some involvement in trade promotion. Some Commerce bureaus already collaborate closely with ITA’s Commercial Service. For example, BIS conducts some of its seminars on compliance with export control rules and regulations in coordination with the USEACs. CS also coordinates with NIST to promote compatible standards in overseas markets, and with USPTO to promote intellectual property rights overseas. However, we found there are opportunities for other Commerce bureaus to enhance their coordination with CS, thereby creating more of a team approach for trade promotion among the various Commerce bureaus.

National Institute of Standards and Technology

While NIST works closely with CS on overseas standards issues, there are opportunities for NIST’s Manufacturing Extension Partnership (MEP) to better coordinate its efforts with CS. MEP is a nationwide network of not-for-profit centers, funded jointly by NIST and its partners in each state. The MEP centers assist manufacturing firms and facilitate technology transfer from federal research programs to private companies. MEP maintains offices in all 50 states and Puerto Rico in partnership with state governments. While many MEP clients may not be export ready, MEP officials told us that international expansion may be an appropriate strategy for some of their clients. Some of CS’ export assistance centers already work with local MEP offices and receive periodic referrals from MEP, but there may be additional opportunities for further USEAC-MEP cooperation. MEP’s manufacturing and business specialists can be a resource for CS’ manufacturing clients, and MEP offices may be helpful in identifying export-ready companies that could benefit from USEAC-sponsored events and information sessions. In addition, MEP headquarters personnel in Gaithersburg, Maryland, are not currently invited to TPCC meetings, even though they told us that they would like to be a part of such discussions when they are relevant to MEP’s mission. Furthermore, personnel in MEP’s field offices are often not invited to participate in the local district export council.

Minority Business Development Agency

MBDA offices and affiliated organizations around the country provide a variety of services to assist minority-owned businesses. While many of MBDA’s clients are small and may not be immediate candidates for exporting, MBDA officials told us that some of their clients could benefit from greater participation in international markets. At least two MBDA offices have staff that focus primarily on international trade issues and regularly refer clients to local USEACs. Some USEACs, such as the one in Atlanta, work closely with the local MBDA office, but cooperation on recruiting for trade missions, trade events, and information sessions is uneven. Additionally, MBDA offices are not always invited to participate in the district export councils.

Improved communication between MBDA and CS would be helpful. For example, the CS officer at the African Development Bank noted that she had difficulty in finding U.S. companies interested in the African market. The officer was not aware that MBDA in Atlanta has worked
extensively with a group of companies interested in business opportunities in Africa. The MBDA office in Chicago was unaware of financing opportunities available through the multilateral development banks, even though one of its clients could likely have benefited from investment guarantees through the African Development Bank. CS and MBDA should coordinate to ensure clients are cross-referred when appropriate. In addition, relevant MBDA staff should be invited to participate in TPCC events and the district export councils, as appropriate.

Economics and Statistics Administration
Within Commerce’s Economics and Statistics Administration (ESA), the fee-based STAT-USA aggregates business data from various sources for its paid customers, most of which are libraries and other institutions. As part of its data aggregation service, STAT-USA compiles trade leads from various agencies and sources such as the United Nations, some of which are not included in the export.gov portal. To some extent, the STAT-USA trade lead service duplicates the functionality of the export.gov trade lead service. However, because of its limited subscriber base and fee-for-service structure, the service is not particularly useful for small businesses. Few (if any) small businesses subscribe to the STAT-USA service, and most of the CS trade specialists with whom we spoke were not even aware of the STAT-USA trade lead service. STAT-USA has considerable expertise in aggregating trade lead information and should be involved in any Commerce or TPCC discussions on identifying trade leads relevant to U.S. exporters. ESA and ITA should at least coordinate their trade lead efforts and should examine whether it is possible to eliminate duplication without introducing a fee for the export.gov trade lead service or undermining STAT-USA’s revenue streams.

C. Commerce works effectively with many state trade agencies, but a sense of competition hinders collaboration in some cases

Most state trade agencies focus on increasing exports from companies located in their state and promoting foreign investment in their state. State trade agencies offer their own export-promotion services, which often duplicate services offered by CS. In many cases, USEACs maintain very effective relationships with state trade partners, especially those that are collocated in the same facility. However, according to several state trade representatives and USEAC trade specialists, a sense of competition hinders effective cooperation in some cases. Given the overlapping missions of CS and many state trade agencies, exporters would benefit from more strategic CS coordination with state trade agencies.

Several USEACs have developed particularly effective partnerships with their state trade agencies. For several years, the Atlanta USEAC

Figure 3: ITA Teams
ITA teams are groups of trade professionals, located in the U.S. and around the world, who work together to provide targeted trade promotion and facilitation service to U.S. companies in specific industries or regional overseas markets. ITA teams began in the CS domestic field offices in 1995 as a way to provide more client-driven service to companies, to build critical mass for trade event recruitment, and to increase the knowledge and skills of team members. Since that time, the number of teams has grown in number, membership, and now includes members from CS field staff, Export Promotion Services, the CS Office of Marketing, Trade Development, Market Access and Compliance, and some public and private sector partners.

Currently, there are 19 teams in industry-specific and geographic categories.

Source: ITA’s Ourplace intranet site
has worked to cultivate a close relationship with the Georgia trade office, which culminated in joint strategic planning exercises with the Georgia Department of Economic Development, SBA, and the Small Business Development Center at the University of Georgia. A primary reason for this close cooperation is that CS and SBA are collocated and the state’s trade office is in the same building. Michigan’s state trade office director was also positive about the relationship between his office and CS. He fostered cooperation between his office and the Detroit USEAC because it served as a one-stop shop for federal export assistance, with extensive contacts with overseas posts and staff knowledgeable of federal finance programs. The Baltimore USEAC has also worked closely with Maryland’s Office of International Operations and has jointly developed a plan to help trade promotion organizations in the state avoid duplication. As a result, the Baltimore USEAC scaled back some efforts and increased others to better complement the services provided by the state trade office and the World Trade Center.

Other USEACs and state trade agencies have jointly sponsored how-to-export seminars, export financing workshops, and seminars on doing business in a particular country. In some cases they have also done joint counseling and outreach. Additionally, USEACs have reached out to state trade specialists to participate on ITA’s agribusiness and information and communications industry teams (see Figure 3).

Export success credits should be shared. While there are many examples of cooperative federal and state partnering, according to several state trade representatives and USEAC trade specialists, a sense of competition hinders effective cooperation in some cases. One USEAC trade specialist noted that he has had to work to overcome “overt territorialism” between the USEAC and the state trade agency. According to a state trade agency director, "There is very little … that works" in his office’s relationship with the local USEAC. Competition between USEACs and state trade agencies often stems from the question of which agency should get credit for an export success, the performance measure often used for a completed export sale or transaction in the state. States do not always share their export successes or other nonproprietary client information with USEACs or CS overseas posts, and vice versa. In order to minimize the state agencies’ perception of competition with CS, CS should share export success credits with the state trade agencies when the state and the USEAC jointly work with a client who is successful in exporting as a result of that assistance.

State trade agencies and CS often provide similar export services. The similarity between services provided by state trade agencies and CS can create a confusing array of export assistance programs for potential exporters who visit both the USEAC and the state trade office. For example, Pennsylvania has a $21 million dollar trade budget for FY07 and provides services similar to Commerce’s, such as Gold Key services and International Business Profiles, to businesses for free. This state also has an active grant program which pays most costs for companies to participate in trade missions. Additionally, several states have a much larger domestic trade promotion staff in their states than CS does. Trade directors in these states told us that their customer service and follow-up were better than that of CS since their state trade specialists spend more one-on-one time with exporters. Moreover, a growing number of state trade agencies are increasing their overseas presence, often in countries where CS has offices. We also found that when a state has its own representatives at an overseas post, they do not always coordinate trade missions and their versions of Gold Key services with CS.
Given the overlapping missions of CS and many state trade offices, exporters would benefit from more strategic coordination with state trade agencies. Additionally, stronger state-federal collaboration would help to diffuse some of the feelings of competition between CS and the state trade agencies. One way to accomplish this is for CS to pursue collocation with state trade agencies, when practical, and include state trade officials on ITA industry teams, when appropriate. In China, for example, three states are seeking to open offices within CS’ Shanghai Commercial Center, which already houses the trade offices for three U.S states and one locality. Moreover, including a slot or two for active state trade specialists in the TPCC training sessions could further strengthen the partnership between CS and the state trade agencies and enhance the state officials’ knowledge of federal trade programs. A stronger focus on federal-state partnerships by CS could benefit exporters by leveraging the strengths of CS and the states while minimizing duplication of services.

D. The potential exists to better leverage District Export Council resources

In 1974, the Secretary of Commerce established 41 local district export councils (DECs) to facilitate the sharing of information among successful exporting companies and support the exporting efforts of other firms (see Figure 4). Some trade professionals, including some district council members, USEAC staff, and industry representatives, questioned the continued relevance of the DECs and noted that many of the councils are not very active. One DEC member described the organization as a “chowder and marching society” that did not play an active role in supporting trade promotion efforts. However, several USEAC trade specialists, trade association representatives, and council members told us that DEC members are experts in industry or regional trade issues and could further support CS’ trade promotion activities.

Some council members told us they believe CS should pay more attention to the councils and help them develop a better organizational structure. DEC members who attended the national DEC convention in New Orleans, Louisiana, from October 30 to November 1, 2006, reported on some current efforts to reenergize their groups. For example, many DECs are in the process of reviewing their volunteer member lists, retiring or removing inactive members,

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5 The Shanghai Commercial Center may close when CS moves its offices into the planned new consulate, at which time states will no longer be able to collocate their offices with CS.
and nominating new members. Some are also establishing working committees comprised of members with expertise in specific industries or world markets.

These efforts present an opportunity for CS to reexamine the role of the DECs in supporting CS’ trade promotion efforts and take better advantage of the councils. During our review, CS’ deputy assistant secretary for domestic operations told us that CS was beginning to include district export council members in CS training sessions and planned to integrate representatives from the DECs into existing CS working groups. In a few cases, CS has already invited council members to participate with ITA’s global industry and regional market teams. For example, several members from Arizona’s DEC have been actively collaborating with ITA’s information and communication team and supporting CS’ International Buyer Program at trade shows. The ITA teams director supports this practice and said that industry team leaders are well positioned to invite DEC members to participate on the teams when appropriate.

Despite these positive steps, at the time of our review CS did not have a strategic plan defining the role of the DECs in supporting CS’ trade promotion efforts and had not formally updated the District Export Council Handbook to provide guidance for the DECs on how to best organize and work more closely with CS. Moreover, several USEAC Directors told us that CS should provide better guidance to them on how to manage and work more closely with DECs, and improve the existing DEC guidance in the CS Operations Manual. CS should develop a strategic plan that clearly articulates how the DECs can support trade promotion efforts generally and how, specifically, they can support CS’ mission. CS should also finalize and distribute the updated District Export Council Handbook.

CS should also develop more systematic ways for the district export councils to provide feedback on the value of government export assistance efforts. CS currently has few mechanisms for the councils to offer comments on the usefulness of CS products and services and is missing a good opportunity to better understand the needs of its core constituency—small and medium-sized exporters. A better understanding of the needs of DEC members and other local businesses could help CS ensure that its products and services are relevant and identify opportunities to improve services for exporters. Input from the DECs would also be useful for the TPCC as it develops the annual National Export Strategy.

The DECs also have limited opportunities to provide advice to policymakers on export-related issues. DECs are not advisory committees subject to the Federal Advisory Committee Act but they could be another avenue for Commerce to obtain input from small and medium-sized businesses. The President’s Export Council, which advises the President and the Secretary

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Figure 5: President's Export Council

The President's Export Council is the principal national advisory committee on international trade. Through the Secretary of Commerce, the Council advises the President of government policies and programs that affect U.S. trade performance, promotes export expansion, and provides a forum for discussing trade-related problems among the business, industrial, agricultural, labor, and government sectors.

The Council was established by Executive Order 11753 in 1973, but was originally composed only of business executives. In 1979, the Council was reconstituted by Executive Order 12131 to include leaders of the labor and agriculture communities, Congress, and the Executive Branch.

The Council reports to the President through the Secretary of Commerce. The Under Secretary of Commerce for International Trade serves as the Council's Executive Director.

Source: President’s Export Council website
of Commerce on export-related policy issues, is made up of 48 members who are primarily executives from large corporations, cabinet members, and members of Congress. Of the 28 corporate members of the council, only three represent smaller firms (see Figure 5). To better gain the perspective of more small and medium-sized businesses, which contribute members to the local DECs, ITA should work with the Secretary of Commerce to include an appropriate member of the District Export Council, such as the chairman of the District Export Council National Steering Committee, on the President’s Export Council.

E. ITA should better coordinate its own multiple client outreach efforts

ITA contacts clients who have used CS’ products and services, such as International Company Profiles, Gold and Platinum Key services, trade missions, USEAC counseling, and Internet resources, to determine their quality, effectiveness, and outcomes. This client outreach is done using “Voice of the Customer” transactional surveys, phone interviews, focus groups, a customer care hotline, pop-up surveys on Internet sites, comment cards, and counseling surveys. We found that some existing and planned client outreach efforts by different offices within ITA are not well coordinated. Because ITA lacks a mechanism to coordinate its client outreach, some outreach initiatives may duplicate other efforts, and existing outreach efforts by one part of ITA may not address issues relevant to other offices. For example, during the course of our review, we found that ITA’s Office of the Chief Information Officer, CS’ Customer Relationship Management Office, and CS’ Marketing and Communication Office were all separately planning to conduct client focus groups. However, none of these planned efforts were coordinated. In order to prevent duplication of its client outreach efforts and maximize the value of these efforts, ITA should analyze all its outreach efforts to determine how they can be effectively coordinated and/or consolidated.

We also found that additional opportunities may exist for client outreach through existing structures. Currently, as noted above, ITA does not solicit feedback on CS products and services from the DECs, ITA’s Manufacturing and Services organization, or from the state trade offices. These organizations help connect ITA to its core constituency, and ITA may be able to leverage those connections to receive useful feedback on the value of and improvements needed in CS’ products, services, and Internet resources for exporters.

Recommendations:

We recommend that the Under Secretary for International Trade, coordinating as necessary with the Secretary of Commerce, ensure that the following actions are taken:

- Establish ongoing interagency working groups of the Trade Promotion Coordinating Committee (TPCC) to better facilitate coordination and collaboration among federal agencies on specific issues related to trade promotion, including trade leads, Internet service delivery, trade finance, and trade capacity-building.

- Seek to include an appropriate member of the District Export Councils, such as the chairman of the District Export Council National Steering Committee, on the President’s Export Council.
We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:

- Improve collaboration between CS and state trade agencies by:
  - Ensuring that state trade officials are credited on CS’ export successes when appropriate;
  - Working with individual states to improve their reporting of export successes that CS has worked on;
  - Pursuing additional collocation of the USEACs and state trade offices when practical;
  - Inviting state trade officials to participate in the TPCC training sessions; and
  - Inviting relevant state trade officials to join some of ITA’s industry teams.

- Strengthen ITA’s and CS’ collaboration with the district export councils by:
  - Developing a strategic plan defining the councils’ role and how they can complement CS’ export promotion activities;
  - Establishing appropriate mechanisms for the district export councils to provide input to ITA on the export assistance needs of small and medium-sized companies; and
  - Finalizing the District Export Council Handbook, integrating relevant information from the strategic plan into the handbook.

- Better coordinate ITA’s multiple client outreach efforts to help prevent duplication and obtain useful feedback from focus groups, the district export councils, ITA’s Manufacturing and Services organization, the state trade offices, and others, as appropriate.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the National Institute of Standards and Technology, ensure that the following action is taken:

- Facilitate coordination between the Commercial Service and NIST on trade promotion issues by:
  - Inviting local Manufacturing Extension Partnership (MEP) offices to participate in the district export councils, when practical; and
  - Inviting MEP officials to participate in relevant meetings and working groups organized by the TPCC.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the Minority Business Development Agency, ensure that the following action is taken:

- Facilitate coordination between CS and MBDA on trade promotion issues by:
  - Inviting local MBDA offices to participate in the district export councils, when practical; and
  - Inviting appropriate MBDA officials to participate in relevant meetings and working groups organized by the TPCC.
We recommend that the Under Secretary for International Trade and the Under Secretary for Economic Affairs ensure that the following actions are taken:

- Evaluate ways of improving coordination between ITA and STAT-USA on the identification of trade leads to minimize duplication and improve the quality of the Department’s trade lead efforts.

Agency Responses to OIG Draft Report and OIG Comments

In responding to our draft report, the Deputy Under Secretary for International Trade agreed with our recommendations to enhance collaboration with ITA’s trade partners and outlined actions that ITA has taken or is planning to take in order to address our recommendations. ITA committed to engage with its TPCC partner agencies using new or established working groups to address the specific issues identified in the report in a “coordinated and cooperative manner.” We appreciate ITA’s commitment to create and sustain processes through the TPCC that would facilitate interagency collaboration on specific issues of concern to the U.S. exporting community.

ITA concurred with our recommendations to improve intra-Commerce coordination between CS, MBDA, ESA, and NIST on trade promotion efforts. ITA indicated that CS has already held promising discussions with the senior leadership of the NIST MEP program, and has worked with MEP management to identify areas in which CS and MEP clients can benefit from coordination between these two offices. In response to our recommendation relating to enhanced MBDA-CS collaboration, ITA emphasized that CS already has worked with MBDA on several minority business trade events and missions and will invite MBDA to attend the next TPCC marketing group meeting. ITA indicated that it would be pleased to “re-engage with MBDA” to continue to serve the needs of U.S. minority businesses. ITA also concurred with our recommendation to enhance coordination with STAT-USA on identifying and communicating trade leads, and reported that CS and STAT-USA will meet in April 2007 to discuss our recommendation and explore renewed opportunities to work together.

ITA’s response to our recommendations to improve coordination with state trade offices emphasized that it was committed to improving CS-state partnerships through consistent communications, sharing of best practices, and working together to effectively deliver trade promotion services to clients. On our specific recommendations, ITA agreed to pursue more collocation opportunities with state trade agencies, to include state export promotion staff in TPCC trainings, and to invite state export promotion staff to join ITA teams. The response indicated that CS has instructed its staff to share credit for client export successes with state employees, and that CS staff are evaluated on this collaboration in their performance plans. As part of its action plan, we request that ITA clarify the process whereby USEACs and the state trade agencies share export success credits with each other and provide any relevant guidance that it has provided its trade specialists on this issue.
ITA largely concurred with our recommendations to enhance the DECs’ involvement in trade promotion activities, but it did not explicitly address all aspects of our recommendations. ITA agreed to request that the President’s Export Council invite the DEC national chairman to join that council. ITA also stated that CS works with the DEC steering committee and individual DECs to integrate DEC and CS planning and activities. Additionally, ITA noted that that the DEC Handbook was updated and distributed in 2005, but it agreed to review and update the handbook, where necessary, and distribute it again. We are pleased that ITA has agreed to update and redistribute the handbook, since we found that it was not readily available on the DEC website or on ITA’s intranet, and not all USEAC directors who work with the DECs had a copy of the handbook.

With regard to developing mechanisms to more actively involve DEC members in export promotion efforts, ITA listed several points of contact for DECs to use to communicate with ITA and noted that monthly conference calls are held with the DEC National Steering Committee. ITA did not address the recommendation to develop a strategic plan to work with the DECs. We request that ITA’s action plan provide additional detail on this recommendation, as well as more detail on the mechanisms it has established to promote DEC involvement in export promotion efforts. We appreciate the Under Secretary’s response and her commitment to continue ITA’s coordination with the DECs and state trade agencies. Greater coordination between the Department and these entities should improve the delivery of trade promotion services to clients.

In response to our recommendation to improve the coordination of ITA’s client outreach efforts, ITA discussed (1) its ongoing efforts to enhance cooperation among the various organizations within ITA to avoid duplication of services and (2) the role of CS’ Customer Relationship Management Unit in soliciting feedback from CS clients. ITA emphasized that it has made progress in enhancing “cross-unit coordination and cooperation,” but acknowledged that such coordination could improve further. In its action plan, we ask that ITA discuss, in particular, its plans to effectively coordinate client-outreach efforts and promote cross-unit awareness of its various client outreach activities.

The Under Secretary for Economic Affairs provided a response to our recommendation that STAT-USA and ITA evaluate ways of improving their coordination on identifying trade leads. The Under Secretary reported that ESA has held informal conversations with CS staff over the past year on consolidating and improving sources of information on trade leads, and committed ESA to continuing these discussions. The Under Secretary acknowledged the goal of eliminating needless duplication and creating a one-stop source for government trade leads. She further noted that ESA’s future coordination with ITA will take into account the goals of not undermining STAT-USA’s revenue streams while providing a free service to exporters on export.gov. We appreciate the Under Secretary’s response and her commitment to continue ESA’s coordination with ITA on the process of identifying and communicating trade leads to potential exporters. Greater coordination between the two agencies holds the possibility of more efficient Commerce operations as well as improved trade lead resources for U.S. businesses.

The Director of the National Institute of Standards and Technology also provided a response with regard to our recommendation for enhanced cooperation between NIST’s Manufacturing Extension Partnership and CS. NIST concurred with our recommendation and stated that it has
begun implementing it by working with the district export councils and the TPCC. The NIST Director noted that NIST “takes its responsibility to support the efforts of the International Trade Administration very seriously,” and he stated that NIST will continue to work with CS management to improve coordination between NIST and CS.

The Minority Business Development Agency provided a response concurring with our recommendations. MBDA stated that it will attempt to coordinate with ITA on trade promotion issues by seeking to participate on district export councils and in relevant TPCC meetings, and it would welcome a link from export.gov to MBDA’s Phoenix Opportunities database. We appreciate MBDA’s commitment to enhance its cooperation with ITA in order to better meet the export assistance needs of minority business enterprises.
II. Commerce and the State Department Should Strengthen their Cooperative Efforts to Support Partnership Posts

In countries where Commerce does not have an office, the State Department is responsible for promoting U.S. business interests and providing support to U.S. companies. In some of those countries CS supports State’s operations to help improve the quality of services available to exporters. In recognition of this, State and CS have informally developed the partnership post program to help support State’s commercial operations. A State Department partnership post can best serve U.S. exporters by maintaining an active partnership with its CS regional post and USEACs, which work directly with U.S. companies interested in pursuing foreign business opportunities in the partnership post nation.6

We found that coordination between the partnership posts, CS regional posts, and USEACs is excellent in some cases. Successful partnerships have resulted from effective personal working relationships. But overall, State and Commerce have not clearly defined the role of CS in supporting partnership post operations. This has led to inconsistent Commerce support for partnership posts and some uncertainty among officers at CS regional posts and the partnership posts about the role of CS posts in supporting their partnership posts. The lack of a formal State-Commerce agreement and written CS guidance on the partnership post program has created some difficulties in effectively managing specific interagency business processes and Commerce support of State’s commercial activities at these posts. Our review identified some specific concerns about the partnership post program as well as several opportunities where improved coordination between State and Commerce could augment the services available to U.S. companies in the partnership post countries.

A. Active partnership posts are an important part of federal trade promotion efforts

In general, the countries where the State Department operates a partnership post are smaller and represent more difficult export markets for U.S. firms. CS estimates that these countries represent only about 5 percent of global Gross Domestic Product. Despite the more limited market potential in these countries, they may still offer valuable business opportunities for U.S. firms. Some of the partnership post countries are small but have a high level of per capita income; others are experiencing rapid economic growth. Partnership post countries may also be significant markets for firms that produce specialized products or have specific expertise in regions, such as Africa. Furthermore, in many of these countries, the difficult business environment could increase the likelihood that companies doing business in the country will need the support of the U.S. government.

In November 2006, State’s Bureau of Economic and Business Affairs (EB) conducted its regular biannual survey of all 94 partnership post countries. Both Commerce OIG and State OIG provided input into the design of the survey in order to ensure that the survey gathered information relevant to our ongoing reviews of the partnership post program. As of January 2007, 61 posts had responded to the survey. Some of the posts reported strong commercial

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6 This report refers to CS posts with responsibility for partnership posts as CS regional posts. CS, however, defines regional posts more narrowly. According to CS management, regional posts are only posts that oversee CS staff in other countries.
programs as well as active collaboration with Commerce’s domestic export assistance centers (USEACs), nearby CS posts, CS’ Advocacy Center, and ITA’s Market Access and Compliance office. The partnership posts responding to the State survey indicated that they had generated over 500 trade leads, written or updated 48 country commercial guides, and organized International Buyer Program delegations during 2006, among other commercial activities (see Figure 6). The partnership posts also reported active involvement with the USEACs and training programs sponsored by the CS regional posts.

![Figure 6: FY 2006 Partnership Post Reported Activity](image)

**Figure 6:**

*FY 2006 Partnership Post Reported Activity*

*Number and percentage of survey respondents answering “yes” to specific questions*

- Conduct market research: 98%
- Operate a commercial website or link to embassy website: 62%
- Collect fees for commercial programs ($64K in 2006): 59%
- Have access to CS’ IT system: 43%
- Conduct/Participate in trade or catalog shows: 43%
- Organize International Buyer Program Trade Delegations: 41%
- Identified more than 20 trade leads in 2006: 13%

*Source: State Department survey, results as of January 4, 2007*

**B. The partnership post program remains an informal interagency working relationship**

Although many CS posts are providing extensive support to partnership posts, State and Commerce have not clearly defined CS’ proper role in supporting State’s commercial operations. Lacking a formal Commerce-State agreement and a mechanism for coordinating partnership post activities, the program remains an informal interagency working relationship.

*Commerce and State have no formal agreement on the partnership post program.* Commerce and State have discussed the partnership post program extensively at the working level, but have never formally agreed on how the program should be coordinated and what the responsibilities of their respective agencies should be. In December 2004, the State Department developed a strategic plan to strengthen support for the commercial function at non-CS posts. The plan discussed the need for improved State-Commerce coordination and recommended the formation of a formal, joint State-Commerce consultation mechanism involving regular meetings between State and Commerce officials to facilitate “early consultation and coordination” on the partnership post program. The plan also called for a “joint project agreement” on specific issues...
related to commercial activities at partnership posts. According to State Department personnel, this plan was discussed with a senior CS officer who was then on detail to the State Department and with CS’ former Deputy Assistant Secretary for International Operations. However, Commerce and State never implemented a joint planning mechanism and never developed a formal agreement on other substantive issues related to commercial activities at partnership posts.

During this review, CS management told us that CS has been working to develop a memorandum of understanding (MOU) with the State Department on the partnership post program for more than 2 years. According to CS officials, the MOU was never finalized because of an extended review by State Department legal counsel. By the end of January 2007, the MOU still had not been concluded, and CS management had not issued any other formal guidance to its overseas posts on the partnership post program. As a result of these delays, CS managers told us that they are developing guidance for CS regional posts that does not require the formal approval of the State Department counsel and that they are working with State’s Bureau of Economic and Business Affairs on a joint cable which the two agencies would send to CS and State posts on the partnership post program. In December 2006, CS’ Deputy Assistant Secretary for International Operations assigned a staff member to focus on developing the appropriate agreements with the State Department, thus giving new impetus to this effort. In January 2007, CS’ Assistant Secretary and Director General met with State’s Assistant Secretary for Economic and Business Affairs. At this meeting, both officials reportedly agreed to pursue an “economic agreement” on partnership post operations.

There is no formal mechanism for coordinating partnership post activities. Commerce and State have no formal consultative process to coordinate efforts to support U.S. businesses at the partnership posts and address concerns or issues relating to the partnership post program. Without such a consultative process, there is no forum for Commerce and State to coordinate and share information on issues that could benefit from ongoing and regular communication. Such issues would include, among others, staffing levels at overseas posts, commercial priorities in the partnership post countries, and the interagency business processes (see discussion in section C of this chapter.)

Individuals within State’s Bureau of Economic and Business Affairs have established good working relationships with individuals in CS headquarters, but coordination on the partnership post program should not be solely dependent on individual relationships, particularly in offices (such as CS’ Office of International Operations) where the key personnel rotate in and out on a regular basis. The 2004 State Department strategic plan is a good example of the hazards of relying on informal working relationships. The plan, which was developed in consultation with key CS officials, recommended a formal consultation mechanism. However, this recommendation was never implemented, and the CS officials involved in developing the plan moved on to overseas assignments. As recommended by the 2004 plan, Commerce should join with State to establish a formal, ongoing joint consultation mechanism with regular meetings to coordinate partnership post activities and provide guidance as needed on partnership post operations.
C. CS’ role in supporting partnership posts should be clearly defined

Guidance is needed to clearly define CS’ support of partnership posts. CS headquarters needs to provide clearer guidance to senior commercial officers and CS posts on the level of support that they are expected to provide to partnership posts, where applicable. Some CS posts are actively supporting their partnership posts by training partnership post staff and assisting with trade missions, commercial events, or individual commercial services. While the partnership program has assisted many State posts, CS management has never clearly defined the responsibilities of the CS posts to support State’s partnership posts. This ambiguity creates some confusion, and our discussions with the senior commercial officers at several CS regional posts indicate that clarification of the roles and responsibilities is long overdue.

Two senior commercial officers told us that they have received “mixed signals” on how much time they should dedicate to working with the partnership posts. A recent Management Performance Review (MPR) conducted by CS’ Office of Strategic Planning of a CS post with substantial partnership post responsibilities underscores the need for CS guidance on the partnership post program. The MPR report recommended that the post “sharply curtail effort (sic) dedicated to…regional programs.” The MPR report stated that the post should focus instead on its local market, even though, according to data in the report, the post’s reported export successes in the partnership post countries were proportionate to the amount of staff time spent on partnership post support. The five partnership posts in question that responded to the recent State Department survey expressed satisfaction with the level of support offered by their CS regional post (see box on right).

Without Commerce and State agreement on the proper role of CS posts in supporting their partnership posts, and corresponding guidance to CS and State personnel in the field, confusion and disagreement on the appropriate level of support to the partnership posts will likely persist.

The results from State’s survey of partnership posts reinforce the need for Commerce-State agreement on the role of CS posts in supporting the partnership posts. The majority (68 percent) of the State partnership posts are satisfied with the support of their CS regional post. Several posts, however, requested additional support from CS, and five of the posts responding favorably in the survey will likely be receiving less support from the CS post in the future, per the guidance of CS’ MPR report. In its summary of the survey results, the State Department’s Economics and Business Affairs Bureau explicitly mentioned five other posts that could benefit from more active partnerships with their local CS post and three posts that were not partnered with a local CS post but should be.

Guidance on CS’ role in the partnership post program should also outline the process for determining whether individual State Department posts should have an active partnership with a CS post in its region. According to the State Department, 20 State posts with commercial programs have no active partnership with regional CS regional posts (see “unaffiliated” posts in Table 3). While some of these countries are extremely small, others represent markets similar in

“Post is pleased with the guidance and support it receives from its [CS regional post]. In fact it is the best example of a successful regional relationship with another federal agency.

- State Department Partnership Post
size to countries that have active partnership arrangements. The State Department has expressed interest in developing CS partnerships at some of these posts, but Commerce and State have no formal process for assigning such partnerships. They should work together to develop such a process and issue guidance on the designation of partnership posts.

Another issue requiring some clarity and guidance is diplomatic accreditation of CS regional officers at partnership posts. Commerce and State have not clearly defined the diplomatic status of CS officers in the partnership post countries. Official diplomatic accreditation to these countries may affect their ability to provide support to the partnership posts. Diplomatic accreditation certifies to the host country government that the officer is an official representative of the U.S. government. This may ease travel restrictions and facilitate interactions with the host government for the officer. Some CS officers are currently accredited to partnership posts countries, but others are not. The senior commercial officer at one post noted that his lack of accreditation to one of his partnership posts makes it harder for him to support that post because it is difficult for him to obtain a visa to travel to the country. CS officers’ diplomatic accreditation may not be needed for all partnership posts. However, CS and State should define criteria for determining when accreditation may be needed and outline appropriate procedures for the accreditation of CS officers to partnership post countries.

An additional five State posts interact with CS primarily through its BISNIS (Business Information Service for the Newly Independent States) program, which promotes U.S. business involvement with the countries of the former Soviet Union. At these posts, locally-hired BISNIS staff take a lead role in commercial and business-related activities at the post, and report to both the State Department economic affairs counselor at the embassy or consulate and to CS’ BISNIS headquarters office in Washington, D.C. These staffers are not, however, traditional CS trade specialists, as they promote U.S. investment in the BISNIS countries as well as U.S. exports. Additionally, the BISNIS staff do not report to CS officers in other posts. Because of this, these posts do not receive as much support from CS regional posts as would posts whose locally-hired CS staff report directly to a CS regional post, such as in Uruguay or Lebanon. Such support could include supervision from the regional SCO and regular interaction with and assistance from CS staff in the regional post. State posts with BISNIS staffers may, therefore, also benefit from some level of partnership with local CS posts to complement the BISNIS program. Commerce and State should also agree on an appropriate partnership arrangement for these posts, if warranted, and issue guidance on this to their respective posts.

Both CS and the State Department would encourage each other to provide extensive support for their respective commercial activities in the partnership post countries. The specific details of the support provided by both State and CS in individual countries will necessarily vary depending on the circumstances and resources of the individual offices and the commercial potential of the country in question. However, CS should work with State to reach an agreement and issue guidance that clearly defines the roles and responsibilities of both agencies in supporting State’s partnership posts. At a minimum, this should define (1) the criteria used to determine whether individual State Department posts should have a partnership arrangement with a CS post, (2) the type and level of support to be provided by each agency, and (3) appropriate partnership arrangements for posts with BISNIS personnel. A joint cable from CS and State EB to both State partnership posts and CS regional posts would be appropriate way to
issue guidance to both agencies’ posts. If this is not forthcoming, CS management should issue
guidance for its posts to help implement this agreement. In either case, the guidance should also
be included in the CS Operations Manual.

**CS’ performance measures should account for partnership post activity.** Most CS regional posts
have trained partnership post staff on providing services to U.S. businesses. In several cases, the
State Department has paid to send its staff to CS posts to receive training. The senior
commercial officers at some posts, however, told us they are unsure whether their training efforts
are valued or rewarded by CS management. One described training of State’s partnership post
staff as a “gray area.” However, most senior commercial officers told us that personnel at the
partnership posts in their region require additional training in order to provide services to
exporters that meet CS quality standards. One CS headquarters official emphasized the need for
performance measures that recognize the efforts of CS posts to support their partnership posts,
noting that such efforts imposed on the posts from headquarters without adequate incentives
usually fail.

As part of an ongoing strategic review by CS management, CS is using the “balanced scorecard”
process to more closely align organizational goals with personal performance goals. As part of
this process, CS is working to develop methods of recognizing and crediting activities at CS
posts that are not directly related to a specific export transaction, and thus cannot be credited as
an export success. At the time of our review, this process had not resulted in any concrete
change in performance measures for CS’ overseas staff. CS management had not yet determined
whether any updated performance measures would recognize the training and support that some
CS posts provide to State Department staff at their partnership posts. CS managers informed
OIG they do not consider cooperation with partnership posts to be a “burning issue,” due to the
relatively small amount of business generated from the posts. However, if CS wants to sustain
effective trade promotion programs in partnership post countries, its performance measures
should recognize the work performed by CS staff to support U.S. commercial interests and
promote exports in these partnership post markets. As CS reevaluates its performance measures
as part of its balanced scorecard exercise, it should develop ways of recognizing the substantial
efforts of some CS offices to support partnership posts.

**D. A Commerce-State agreement is needed to address specific business processes at the
partnership posts**

The lack of established procedures for fee collections at partnership posts creates numerous
complications. According to the State Department survey of partnership posts, State collected
more than $64,000 in user fees during FY 2006 for services that it provided to U.S. companies at
the 61 partnership posts that responded to the survey (see Figure 7). Many of these user fees
were collected for the State Department by USEAC staff using CS’ standard payment system.
Other fees were collected directly by individual partnership posts or were collected by the
partnership posts’ CS regional posts.

Current fee collection practices at partnership posts have created some difficulties for U.S.
businesses, individual partnership posts, and CS. USEAC staff told us that client payments for
products and services provided by partnership posts can be difficult if the post does not use CS’
Federal law provides that each service or thing of value provided by an agency to a person is to be self-sustaining to the extent possible. OMB Circular A-25 establishes federal policy regarding fees for U.S. government services and for sale or use of federal goods or resources that convey special benefits to recipients beyond those accruing to the general public. The stated objective of this policy is have agencies recover their full costs of providing such benefits, although federal law allows exceptions to this requirement.


Both State and CS incur costs in delivering individual services at the partnership posts in cases where CS posts provide active assistance for such services. While such cooperation could enhance the services provided to the client, it can complicate fee collections for that service. Because both agencies incur costs in providing the service, both could have the legal authority to collect and retain fees for the service. Currently, the agencies collect only one user fee for services at the partnership posts, which may be collected directly by the partnership post or may be collected by CS. With only one fee collected for a service in which both CS and State incurred costs, both agencies may have the authority to retain some of the same user fees, creating the potential for confusion and disagreements over the allocation of the user fee collections.

In order to prevent the mechanics of fee collection at partnership posts from becoming an impediment to service delivery at these posts, Commerce and State should develop a formal agreement that establishes a consistent fee collection policy and procedures and a pricing structure for partnership post services. This fee collection process should be consistent with both agencies’ legal authorities for collecting and retaining user fees. If Commerce and State elect to make use of CS’ existing fee collection system for partnership post products and services, the procedures should specify the steps and time frame for transferring collected fees and should detail how Commerce and State will separate fee collections when necessary, including at joint commercial posts such as Uruguay.

Commerce and State have not defined quality standards for CS-branded services at partnership posts. To measure quality standards and customer satisfaction for CS products, CS surveys customer satisfaction for most of its products and services and offers refunds to dissatisfied companies. Some CS officers have expressed concerns that some partnership posts advertise but cannot actually provide CS-branded services, such as Gold Key services. They fear that if
services provided at such posts don’t meet CS’ quality standards, it could damage the reputation of CS’ products and services. Although CS’ domestic trade specialists did not identify this same concern, CS has a legitimate interest in maintaining the quality reputation of its products.

In order to protect the brand value of CS’ products and services and ensure that services delivered at partnership posts meet businesses’ expectation for these services, Commerce and State should agree on specific quality standards for these branded services. Additionally, Commerce and State should agree on how they will monitor the quality of these services, share relevant customer satisfaction survey data, and follow-up with companies that are dissatisfied with the services. Posts that cannot meet the agreed upon quality standards could still provide support to U.S. companies, but should not be able to use CS’ established brands.

Commerce and State should clearly define training procedures for partnership post staff. During 2005 and 2006, at least three CS posts provided training on Commerce’s products and services for officers and staff at their partnership posts. State personnel are planning to organize three additional training sessions during 2007. Despite these initiatives, however, training for partnership post staff on CS’ products, services, and IT tools is essentially ad hoc. Commerce has not provided training for all partnership post staff, and Commerce and State have not agreed on Commerce’s future role in providing training to State officers and staff at partnership posts. Additionally, Commerce and State have not agreed on what training, if any, is required before a partnership post can offer CS-branded products and services. Commerce and State should clearly define Commerce’s role in providing training to State officers and staff at partnership posts and stipulate any minimum training requirements for staff providing CS-branded products and services. Guidance on such training responsibilities and standards should be provided to the State and CS posts, and should be incorporated into the agencies’ operations manuals, as necessary.

Commerce and State need to coordinate export success reporting at partnership posts. Another area for increased coordination between State and Commerce is the reporting of export successes. Both agencies identify export successes or transactions that result from their efforts to assist U.S. companies and report these successes to the Congress. At partnership posts, however, staff from both agencies may be substantively involved in contributing to an individual export success and should individually be recognized for their contributions. However, without an agreement on how export successes at partnership posts will be reported or credited, the potential exists for double-counting because both agencies could separately report the same success. The lack of an agreement also creates the possibility that staff from one agency will not receive credit for their substantive support of export successes reported by the other agency. On the State Department’s survey, one partnership post noted that combining export success reporting of the two agencies would promote coordination between them. A model for such sharing already exists, as CS’ export success reporting procedures now allow its USEACs and overseas posts to share credit for the same success. In that instance, sharing export successes did contribute to increased cooperation between the USEACs and the overseas posts.

Commerce and State should formally agree on appropriate procedures for reporting export successes at partnership posts to ensure that export successes are accurately reported to Congress and that staff in both agencies are fully recognized for their work. At a minimum, the agreement
should specify how credit for export successes will be given when personnel from both agencies have been substantively involved in an individual transaction and how the agencies will avoid double-counting the same export successes.

E. Collaboration on information technology and market research should be expanded

Many partnership posts would benefit from access to CS’ IT resources. Commerce has developed an extensive array of IT resources to support its trade promotion efforts. These tools—most of which are Internet-based—allow CS staff easy access to trade promotion resources and information, enable CS staff to submit new market research and trade leads online, facilitate communication and networking among CS staff worldwide, and assist CS in tracking its interactions with specific clients. CS management told us that CS has recently provided access to its IT tools for some partnership posts, but only a minority of partnership posts currently has such access. On the State Department survey, 47 percent of responsive partnership posts reported they have access to some of CS’ IT tools, but only 24 percent of the total reported that they had received appropriate training on the use of the IT tools.

Providing partnership posts with better access to CS’ IT systems would enhance the quality of the export promotion services provided at these posts. By allowing State personnel direct access to CS’ IT tools, State personnel would be able to directly submit market research and trade leads to USEACs and export.gov, more easily access market research information, access CS’ extensive library of trade statistics and other export-related resources, find contact information for CS staff and industry specialists, and better communicate with relevant CS staff. Some partnership posts are frustrated that they have no access to CS IT systems. One post wrote, “All trade lead reports have to go through our [CS regional post] causing delays and duplication of work. The system would work much better if we had direct access to the [CS] computer system and could upload the reports ourselves.” Another post wrote, “Having to go through our [CS regional] post [for access to IT systems] creates delays, additional work for our partner post, and things get lost in the cracks. I do not want to seem critical of our [CS regional] post because they are trying to help. Nevertheless, they will never care about our projects and opportunities as much as we do, and keeping us dependent upon them limits our scope of action.”

There is no obvious technical barrier to providing partnership posts with increased access to CS’ IT systems. CS is currently migrating its customer relationship management system to a web-based platform. Once complete, most of its business-essential IT tools—including those requested by partnership posts in the survey responses—will be accessible through any standard Internet browser. CS should take appropriate action to provide all partnership posts with access to web-based business-essential tools and should coordinate with State to broaden partnership post access to any other IT systems relevant to commercial activities, as necessary.

State’s partnership post commercial websites are not fully integrated with those of CS’ overseas posts. The existing commercial websites of partnership posts currently vary widely. Several partnership posts have already developed commercial websites using the existing Internet platform for CS’ overseas websites. For example, one partnership post recently developed a commercial web page in coordination with its CS regional post that includes sections on the post’s partnership arrangement, its commercial support program, and all programs available for a
fee. Other partnership posts have dedicated sections on the CS regional post’s website. Some partnership posts maintain commercial sections on the embassy website; which may or may not be in addition to other Internet resources. While these existing partnership post websites may be a good resource, many partnership posts do not maintain a separate commercial website, and not all of the existing partnership post websites are linked to export.gov, making the pages more difficult for U.S. companies to find.\(^7\) Links to some partnership posts websites are listed on export.gov, but at least five partnership post websites are not.

Integrating partnership post Internet sites into CS’ existing Internet website structures could assist U.S. trade promotion efforts by making this content more accessible, allowing automatic updates of the partnership post websites with relevant information, and creating a common look and feel for overseas commercial websites, so that companies looking at more than one would know where to find similar information. Making use of CS’ existing web infrastructure would also make it easier, faster, and cheaper for partnership posts to develop their own websites, which should allow more partnership posts to have commercial websites. CS should (1) work with State to integrate the commercial websites of CS and State overseas offices, (2) provide appropriate space for partnership post websites on its upcoming Internet platform, and (3) ensure that all partnership posts with commercial websites are listed on export.gov.

**Partnership posts are not included in CS’ market research planning process.** Nearly all of the partnership posts responding to the State Department survey (60 of 61) reported some market research efforts. But those efforts are not coordinated with CS’ Trade Promotion Programs office, which oversees market research for CS’ overseas posts and identifies market research topics of interest to the U.S. business community. The Trade Promotion Programs office develops an annual list of market research priorities for each country in consultation with CS’ overseas offices, ITA teams, and trade associations. None of the partnership posts participate in this process because State and Commerce have not coordinated market research work. Including partnership posts in CS’ annual market research process would assist the posts in identifying priority market research topics relevant to businesses and complementary to CS’ market research work. CS and State should work together to determine which partnership posts could provide market research of interest to U.S. businesses and have the resources to conduct that market research. CS should include those posts in its annual market research planning process.

**F. USEAC staff could benefit from specific information on the individual partnership posts**

USEAC trade specialists told us that State Department partnership posts have generally been responsive to requests for market or other information and assistance, with only a few exceptions. Most were satisfied with the level of support that they receive from the partnership posts and felt comfortable referring their clients to them for export assistance, including standard CS products and services such as Gold Keys. According to State’s survey, more than 50 percent of commercial services delivered by partnership posts were provided in cooperation with the USEACs.

However, USEAC staff could better support their clients’ needs in partnership post countries if they had access to more specific information on commercial operations at individual partnership

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\(^7\) See chapter III of this report for an expanded discussion of the export.gov website.
posts. The State Department currently provides CS with a spreadsheet with points of contact for the different posts, which State updates quarterly. The spreadsheet does not, however, provide specific information on the types of products and services offered at individual partnership posts, the prices charged for these services, and the amount of time normally required for delivery of each service. This information—which is readily available for CS posts—would assist CS’ domestic trade specialists in understanding the capabilities of individual partnership posts to support U.S. businesses. CS should work with the State Department to compile information about the level of support each partnership post can provide.

Several USEAC trade specialists noted that information on the partnership posts is difficult to find because it is not posted on CS’ intranet. Trade specialists use CS’ database to find contact information for overseas posts, and not all of the trade specialists were aware of the partnership post contact list spreadsheet. CS should post the appropriate contact information for the partnership posts, as well as any additional information on product and service availability at the posts, on its intranet.

CS should also clarify when it is appropriate for USEAC staff to inform the CS regional post of business inquiries in partnership post countries and place appropriate instructions in its intranet systems. The SCOs with whom we spoke told us that they generally want to be informed of such inquiries at their partnership posts so they can offer assistance if necessary and ensure the USEAC staff has the right point of contact at the partnership post. CS has not yet established guidelines for the USEAC staff explaining whom they should be contacting when their clients need services at the partnership posts.

Finally, State Department personnel have expressed the desire to improve outreach to and receive feedback from USEACs. Opening direct lines of communication between Commerce’s Office of Domestic Operations, which oversees the USEACs, and State’s Bureau of Economic and Business Affairs, would facilitate such information exchange. The USEACs could usefully provide State with information on the quality of export promotion services provided by the partnership posts and could highlight any areas of concern with partnership post support.

**Recommendations:**

*We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:*

- Establish a formal Commerce-State mechanism for planning and consultation on the partnership post program.
- In conjunction with the State Department, develop guidance on the partnership post program for CS regional posts and State partnership posts that:
  - Clearly defines the roles and responsibilities of State’s partnership posts and CS posts in supporting them, including when CS-State partnerships should exist;
  - Defines the type and level of support to be provided by each agency;
  - Discusses the criteria for determining when diplomatic accreditation of CS officers to partnership posts may be appropriate and defines procedures for such accreditation; and
- Specifies what partnership arrangements are appropriate for posts with BISNIS representatives.

- Develop performance measures or other appropriate ways of recognizing the efforts of CS posts that support partnership posts.

- Work with the State Department to develop an appropriate interagency agreement on business processes and issue implementation guidance for State and CS posts on cooperation related to the partnership post program which:
  - Establishes a fee collection and pricing structure for partnership post services that is consistent with both agencies’ legal authorities for collecting and retaining user fees and includes procedures for the transfer and retention of fees, as necessary;
  - Establishes quality standards for CS-branded services delivered at partnership posts and procedures for monitoring the quality of these services;
  - Defines Commerce’s role in providing training to State officers and staff at partnership posts and details any minimum training requirements for State officers or staff providing CS-branded products and services;
  - Defines procedures for reporting export successes at partnership posts, specifying how the reporting structure will credit staff from different agencies and will avoid double-counting export successes that Commerce and State report to Congress.

- Enhance Commerce-State cooperation at partnership posts by:
  - Providing all partnership posts with active commercial programs direct access to CS business-essential web-based tools and coordinating with State to broaden partnership post access to any other relevant CS or ITA IT systems;
  - Coordinating with State to (1) integrate the commercial websites of CS and State overseas offices, (2) provide appropriate space for partnership post websites on CS’ upcoming Internet platform, and (3) ensure that all partnership posts with commercial websites are listed on export.gov;
  - Coordinating with State to identify which partnership posts have the resources to conduct market research and include such posts in CS’ annual market research planning process.

- In conjunction with the State Department, take steps to help improve USEAC cooperation with the partnership posts by:
  - Providing USEAC staff with more complete information on individual partnership posts, including contact information, service availability, and service pricing, through CS’ intranet system; and
  - Opening lines of communication between the State Department’s Bureau of Economic and Business Affairs and Commerce’s Office of Domestic Operations to provide State with feedback on services provided by partnership posts.

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**ITA’s Response to OIG Draft Report and OIG Comments**

In its response to our draft report, ITA concurred with our recommendations to enhance the partnership post program and reported that it has made substantial progress towards implementing many of these recommendations. ITA provided information on the status of its...
negotiations on the MOU with the State Department that will address many of the issues identified in our draft report, including the need for a joint consultation and planning mechanism, procedures for fee collection and funds transfer between State and Commerce, pricing and quality standards for CS-branded products provided by partnership posts, procedures for monitoring the quality of the products provided by the partnership posts, and partnership post access to CS’ export promotion IT tools. ITA provided a copy of the draft MOU as an attachment to its response. While the current draft may not address all of the issues that ITA will need to include in the final MOU as agreed to with State, we are pleased to note that CS has taken the initiative in presenting State with a new draft MOU for its consideration. We trust that further progress will be made in these negotiations in the next 60 days and ask for an update on the MOU in ITA’s and CS’ action plan.

In addition, CS has developed interim guidance on the partnership post program for its senior commercial officers, which it provided to us as an addendum to its response. The interim guidance defines the roles and responsibilities and the level of support to be provided by each agency to support the partnership post program. The guidance proposes three tiers of State partnership posts with varying levels of activity and support defined for each. The guidance also includes training requirements for partnership posts and outlines performance measures relevant to CS partnership post activity. ITA reported that CS is still negotiating certain aspects of this guidance with the State Department and hopes to be able to issue final guidance on the partnership program that will be sent in a joint Commerce-State cable to both State and Commerce posts overseas.

In response to other recommendations in our draft report about Commerce-State cooperation, ITA’s response indicates that CS plans to discuss ways of preventing duplicate reporting of export successes with the State Department during future discussions of the proposed MOU. ITA also agreed to provide space on export.gov for partnership post websites and include the State Department in its market research planning process. These actions are positive steps towards addressing our recommendations.

While ITA’s response addresses most of our recommendations on the partnership post program, it did not provide a clear response to a few of them. ITA noted that there were limited circumstances where diplomatic accreditation of CS offices to partnership post countries would be appropriate, but it did not incorporate this issue into CS’ interim guidance on the partnership post program or the draft MOU. As part of its action plan, ITA should describe how it will provide guidance to the State and Commerce posts involved in the partnership post program on when diplomatic accreditation is appropriate.

Additionally, ITA’s response does not address our recommendation to enhance USEAC cooperation with the partnership posts. ITA mentioned that many USEACs already work effectively with partnership posts, a point that we acknowledged in our draft report. ITA also noted that under the pending MOU and joint program guidance to be finalized between State and Commerce, partnership post service levels will become more consistent and predictable. However, as part of its action plan, ITA should describe how it will provide USEAC staff with more complete information on the partnership posts and how it will enhance communication between CS’ Office of Domestic Operations and State’s Bureau of Economic and Business
Affairs. As CS works with State to develop a joint Commerce-State planning and consultation mechanism for the partnership post program, it should consider ways of including CS’ Office of Domestic Operations in any regular Commerce-State communications resulting from this mechanism.

Finally, one issue not explicitly addressed by ITA’s response, or in its interim guidance and draft MOU, is State-Commerce coordination on staffing allocations. On March 28, 2007, the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service announced a proposed restructuring plan involving the closing of 26 CS offices around the world, the opening of four additional offices, and staff increases at another 10 offices. This proposed restructuring, like any change in CS staffing overseas, will significantly impact the State Department by changing the posts at which State has primary responsibility for supporting commercial diplomacy activities and otherwise supporting U.S. businesses. As such, Commerce should ensure that its proposed reorganization is closely coordinated with the State Department so that State can make appropriate plans for its staffing at the affected embassies and consulates.
III. Despite Recent Progress, ITA Can Further Improve the Effectiveness of Its Internet Trade Promotion Resources

Since 1994, ITA has permitted its offices to place their own information on the Internet, resulting in a proliferation of websites with export information. This bottom-up approach resulted in some excellent web pages which contain useful information, but ITA’s overall web presence lacks coherence, with duplicated content across the spectrum of multiple web pages that are not well integrated. A business interested in pursuing foreign markets must visit many web pages to ensure that it is getting all the available export information. This necessitates numerous clicks of the mouse and may discourage customer use. ITA has taken some positive steps in the last few years, including establishing a working group in February 2006 to coordinate a common look and feel for ITA Internet sites. However, ITA needs to clarify the decision-making responsibility for organizing Internet content, further organize and integrate its websites, and continue to improve the export.gov portal.

A. Decision-making responsibility for Internet content issues should be clarified

In February 2006, ITA established a web governance board made up of representatives from each of the four ITA line offices and representatives from the public affairs office and the Office of the Chief Information Officer. The board’s members include both technical experts and web content managers. At weekly meetings, the board focuses on the look, feel, and usability of ITA websites. The board is reducing or replacing duplications, dead links, and outdated information, but has limited responsibility for strategically managing ITA’s Internet content. These meetings between program specialists and information technology experts have improved communication and coordination about websites within ITA. For example, the board has decided that export.gov will focus on providing information to U.S. exporters and buyusa.gov will focus on providing information to foreign buyers, agents, and distributors.

Although members of ITA’s web governance board report that ITA’s leadership team approves the board’s consensus recommendations, the members and senior decision makers in ITA could not clearly articulate the lines of authority for decision-making on content issues. The board members did note however, that it does not have responsibility for strategically managing ITA’s Internet content. Currently, each ITA organization has responsibility for managing the Internet content of its particular website, but has no authority over the content of other organizations’ websites. As a result, many officials share responsibility for managing ITA’s collective Internet content, including ITA’s chief information officer, the Deputy Under Secretary for ITA, the deputy director general for the Commercial Service, the ITA marketing director, and the CS marketing director.

While the current decision-making structure for managing Internet content naturally reflects ITA’s organizational structure, this may not be the best way to manage this process. The fragmented responsibility for the basic organization of Internet content hinders ITA’s efforts to logically present all of its export-related information. ITA should assign clear responsibility for decision-making on the organization and content of ITA’s various websites in order to ensure that this content is organized according to the needs of exporters.
B. The presentation and usability of ITA websites have improved but much work remains

Despite recent progress, ITA’s websites still have duplicative, confusing, disorganized, and outdated pages. ITA has eliminated some duplicate Internet websites, including usatrade.gov and buyusa.com. In the last several years, ITA also worked with SBA to eliminate its tradenet.gov website, and ITA stopped a USDA export website that was in development. ITA’s corporate website (trade.gov) has been reorganized and updated to focus on providing information on trade and investment, industry competitiveness, and fair trade to the Congress, the media, and the nonexporting public. Despite this progress, many ITA websites remain dated.

Another problem is that USEAC sites reside on the buyusa.gov site, but that site’s main purpose is to assist foreign importers and buyers seeking U.S. sources of supply, not exporters. CS recognizes this problem and told us it has plans to move the USEAC sites from buyusa.gov to export.gov. Once this happens, potential U.S. exporters will no longer need to visit buyusa.gov to access the USEACs for assistance. CS should quickly move forward to switch the USEAC sites from buyusa.gov to export.gov (see Figure 8).

During our review, we found several ITA websites that were not integrated with other ITA web resources serving the same customers (see Table 4). For example, BISNIS has a highly visited website for U.S. companies to explore export and investment opportunities in Russia and Eurasia. This site’s content, often locally generated by BISNIS field representatives, is not always found on export.gov. Presently, exporters looking for upcoming trade shows in Russia or Eurasia must visit both export.gov and BISNIS’ website to find the information they are looking for. Additionally, the Export Trading Company Affairs website, which provides assistance for U.S. companies interested in combining their exporting efforts, is a stand-alone site that should be integrated with the rest of ITA’s websites. Beyond placement issues, several of ITA’s websites are not regularly updated or decommissioned in a timely manner. The African Growth and Opportunity Act’s website, for example, is an unwieldy compilation of links and resources, many outdated and not functioning. Another website, buyusainfo.net, hosts a market research library with outdated information. Additionally, most of the market research documents on that site are now included on export.gov. Finally, ITA’s Trade Development office, which no longer exists, still has an accessible site called Trade Finance Matchmaker. ITA should take steps to integrate relevant content from these websites into the trade.gov or export.gov sites and/or decommission them.

Figure 8: Export.gov

Export.gov was launched in 2000 to be the federal government’s unified trade promotion assistance portal. According to the 2006 National Export Strategy, export.gov is supposed to be the government’s one-stop source for trade assistance for companies interested in expanding into foreign markets. ITA redesigned the export.gov website and launched the new site in February 2006. In FY 2006, export.gov received 2.2 million unique (or new) visits, up from 1.7 million unique visits in FY 2005. Market research is the most popular page after the home page with the bisnis.doc.gov and the export.gov/china pages following behind with 756,603 and 309,265 unique visitors, respectively.

Source: CS Update, December 2006 and CS Scorecard: U.S. Trade Promotion Office Outreach and Marketing Results, FY 2006
Table 4: Characteristics of Customer-Oriented ITA Websites

<table>
<thead>
<tr>
<th>Internet Site</th>
<th>Owner</th>
<th>Customer Focus</th>
<th>Office(s) Providing Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>export.gov</td>
<td>TPCC/CS</td>
<td>Federal government’s one-stop export assistance portal.</td>
<td>CS currently provides almost all content. State Department also provides content.</td>
</tr>
<tr>
<td>trade.gov</td>
<td>ITA</td>
<td>Corporate website has been reorganized to focus on ITA’s three strategic goals. Provides information for the Hill, the media, and the nonexporting public.</td>
<td>Four ITA line offices: CS, MAS, MAC, and IA</td>
</tr>
<tr>
<td>buyusa.gov</td>
<td>CS</td>
<td>Helps international importers locate U.S. supply sources. Helps U.S. exporters find non-U.S. importers and buyers seeking U.S. sources of supply.</td>
<td>CS overseas posts/USEACs</td>
</tr>
<tr>
<td>buyusainfo.net</td>
<td>CS</td>
<td>Hosts overseas posts’ country commercial guides and market research reports.</td>
<td>CS overseas posts/USEACs</td>
</tr>
<tr>
<td>tradeinfo.doc.gov</td>
<td>Trade Information Center</td>
<td>Provides links to comprehensive resources with information on federal government export assistance programs. Sections of the site duplicate export.gov.</td>
<td>TPCC</td>
</tr>
<tr>
<td>e-market express</td>
<td>CS</td>
<td>Sends newsletter to registered businesses, usually on a quarterly or semiannual basis. Newsletter contains trade leads, events and market research, by industry or region.</td>
<td>USEACs</td>
</tr>
<tr>
<td>Business Information Services for the Newly Independent States (BISNIS)</td>
<td>CS</td>
<td>Provides real-time updates, market reports, and export leads to U.S. companies exploring export and investment opportunities in Russia and Eurasia.</td>
<td>BISNIS</td>
</tr>
<tr>
<td>Multilateral Development Banks Lead Line</td>
<td>CS/ Advocacy Center</td>
<td>Provides companies with a sample of development projects by multilateral development banks. The projects in Lead Line are a snapshot of opportunities that the CS commercial liaison officers at the banks determine may interest U.S. companies.</td>
<td>CS Officers at the Multilateral Development Banks</td>
</tr>
<tr>
<td>Export Trading Company Affairs</td>
<td>MAS</td>
<td>Provides assistance to U.S. companies seeking to form a joint venture in order to export.</td>
<td>Export trading company affairs</td>
</tr>
</tbody>
</table>

Source: Commerce Websites

The Trade Information Center’s web presence is outdated and no longer meaningful. CS’s Trade Information Center (TIC) relies on a 1998 online guide to exporting, outdated web pages, and its 1-800-USA-TRADE telephone number to provide information on federal government export assistance programs, export counseling help, and information on tariffs and customs procedures for specific countries. At the time of our review, CS was planning to integrate the TIC website into export.gov, but had not yet done so as of February 15, 2007. Trade specialists at several USEACs told us that because of the growth of export.gov and the condition of the TIC’s website, neither they nor their exporting clients frequently use the TIC’s online resources anymore. According to the center’s data, the volume of phone calls to the 1-800 number has declined from 1,000 per week in 2005 to 600-800 per week in 2006, and total inquiries declined 34% from 2004 to 2005 and 36% from 2005 to 2006. Clearly the TIC needs to find a new way to deliver its services to the U.S. exporting community.
Retaining the 1-800 number as the main way of contacting the trade information center may contribute to the decline in inquiries from exporters. Several trade association representatives told us that Australia’s export promotion website allows real-time Internet chats with trade specialists, a feature that has been very successful for the Australians in reaching their clients and one that should be considered for CS’ trade information center to reach the growing number of exporters who prefer to use the Internet to communicate. Additionally, as CS goes through the process of integrating the separate trade information center website, there may be opportunities for the center to collaborate more closely with CS’ trade logistics partners and make the center’s staff more accessible to potential clients. Historically, one of the primary roles of the trade information center was to provide updated information on tariffs, taxes, and customs procedures for specific countries. While the center website still provides such information, it is extremely difficult to find from export.gov. A trade specialist at one of the USEACs noted that FedEx, one of CS’ private sector partners, also provides such information on its website. As CS revamps the trade information center web presence, it should (1) consider whether efficiencies could be gained from closer collaboration with FedEx on identifying country-specific tariffs and customs procedures, and (2) develop an online chat function for export.gov run by the TIC’s staff, if feasible.

C. Export.gov needs to be a one-stop resource for federal trade assistance

Export.gov, which is marketed as a one-stop federal source for U.S. exporters, includes resource information and abundant links to information in the Department and other federal agencies. During this review, we heard comments about the usability of export.gov that ranged from “incredible” to “a mess.” However, many who regularly use the site said they like the February 2006 redesign and the ongoing changes to improve the site’s usability, look, and feel. For example, the new structure on the initial export.gov web page directs new-to-exporting businesses and the more seasoned exporters to the resources relevant to them.

However, export.gov does not offer the totality of information relevant to exporters from Commerce’s or the TPCC agencies’ websites. One regular user said, “export.gov is the most important resource for trade assistance out there. I assume that we are getting everything the U.S. government has to offer.” Unfortunately, this is not the case. Despite recent advances, export.gov is still not a comprehensive online source for export assistance from the federal government, as claimed in The 2006 National Export Strategy. Businesses are not able to register and then log-in to the site and easily find all the TPCC agencies’ export and trade services. CS provides most of export.gov’s content, but the site includes links to many other federal home websites.\(^8\)

Unfortunately, technical issues may hinder further integration of web content onto export.gov from TPCC agencies. One technology specialist told us that the integration of content from other agencies’ websites to export.gov would be expensive and time-consuming. Export.gov should at a minimum provide more links for exporters to relevant content on the other TPCC agencies’

\(^8\) Commerce now provides a higher percentage of content to export.gov than it did in 2000, when it provided 80 percent of the site’s content. U.S. Department of Commerce Office of Inspector General, March 2001. Although Progress Has Been Made, More Needs to Be Done to Deliver On-line Export Information and Services, IPE-13213.
websites, not just links to the TPCC agencies’ homepages. As the TPCC agencies develop their Internet resources, there may be opportunities to further integrate their export-related content on export.gov. ITA should coordinate more closely with the other TPCC agencies to consolidate relevant information for exporters onto the export.gov portal.

Even within ITA, relevant information is not always posted to export.gov. For example, information on locally-sponsored trade events may be listed on the websites for individual CS posts but not on export.gov. Likewise, information on local events that are posted on USEAC websites is sometimes not posted to export.gov. BISNIS’ website also contains useful information such as trade activities and leads, which is not referenced on export.gov. For export.gov to come closer to being a one-stop resource, ITA must make sure it integrates all export-relevant information from CS’ domestic and overseas office websites, including locally sponsored trade events and trade leads listed on CS posts’ buyusa.gov websites, USEAC sites, BISNIS sites, and other Commerce web pages.

**Recommendations:**

*We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:*

- Assign clear responsibility for decision-making on the organization and content of ITA’s various Internet websites in order to ensure that this content is well organized and easily accessible to exporters.
- Improve the organization and content of ITA’s Internet web pages by:
  - Moving forward with ITA’s plan to move the USEAC websites from buyusa.gov to export.gov;
  - Integrating content from ITA’s various trade promotion websites, such as the Trade Information Center, BISNIS, Trade Finance Matchmaker, and buyusainfo.net, into export.gov, and decommissioning those that are no longer needed;
  - Considering the addition of real-time Internet chat capability for trade specialists in the Trade Information Center and closer collaboration with FedEx or another good source to identify and update country-specific tariffs and customs procedures;
  - Coordinating with other TPCC agencies to consolidate each agency’s export-related information onto the export.gov portal and include more links to relevant content on the TPCC agencies’ websites; and
  - Ensuring that export.gov contains relevant information about locally-sponsored trade events and trade leads listed on CS posts’ buyusa.gov websites, USEAC sites, BISNIS sites, and other Commerce web pages.
**ITA’s Response to OIG Draft Report and OIG Comments**

In response to our recommendation to streamline and clarify the decision-making process for organizing ITA Internet content, ITA outlined the roles and responsibilities of the ITA web governance board. ITA’s characterization of the responsibilities and authorities of the ITA web governance board, however, is inconsistent with what we heard from web governance board members during our review. ITA’s response indicates that the web governance board has responsibility for the organization of all ITA internet content. The board members, however, told us that their role was to ensure that ITA’s websites have a more consistent look and feel and that the board did not have the authority or mandate to reorganize internet content across ITA’s various websites. ITA should ensure that all board members fully understand their mandate to ensure that ITA’s web content is delivered along “customer-centric channels” and that they are held accountable for this responsibility. We ask that ITA provide additional clarification of the board’s responsibilities as part of its action plan.

ITA substantially agreed with our findings regarding the organization and content of ITA’s Internet web pages and outlined plans to decommission and integrate “various disparate sites,” including plans to consolidate the TIC and USEAC websites into the export.gov portal. We appreciate the Deputy Under Secretary’s response and her commitment to continue ITA’s progress on organizing and coordinating ITA’s Internet trade promotion resources. ITA did not directly address the recommendation to evaluate ways of collaborating more closely with its partners regarding the identification of country-specific tariffs and customs procedures. We request that ITA outline any planned actions in response to this recommendation as part of its action plan.

ITA’s response also indicated that TPCC agency content is already incorporated into export.gov. While we recognize that ITA is working to further integrate TPCC agency content, our review found that the vast majority of the content on export.gov was provided by CS. ITA noted that a newly established TPCC working group will include export.gov content issues on its agenda. We anticipate that this working group should provide a forum for further consolidating TPCC Internet content for exporters into the export.gov portal and helping to ensure that TPCC agencies do not develop duplicative Internet content.
IV. Identification and Communication of Trade Leads Should be Improved

The identification of trade leads—specific export opportunities for U.S. firms—is a useful but non-core aspect of Commerce’s trade promotion efforts. Most CS trade specialists told us trade leads rarely result in an immediate export transaction, but they are useful as a means to network with local businesses, develop client interest in new markets, and build the relationships necessary for successful global trade transactions. However, there are opportunities to develop more useful and timely trade leads that could result in increased exports for U.S. companies. CS should improve the process of identifying and communicating trade leads to exporters, develop a consolidated portal containing all TPCC member agencies’ leads and actual business opportunities, and improve the technological capabilities of the export.gov trade lead database.

A. Trade leads are useful but result in few direct export transactions

CS overseas posts identify export opportunities that might be relevant for U.S. companies to be listed on the export.gov web portal and made available to the USEAC staff through CS’ intranet system. USEAC trade specialists told us that the trade leads facilitate their outreach to businesses by providing opportunities for them to call on their clients to discuss the leads. Some trade specialists told us that they had realized some export successes through trade leads, although relatively few trade leads result directly in a business transaction. Most stakeholders, including USEAC trade specialists and industry groups, cited CS’ market research products as the more immediately valuable resource for exporters.

Trade specialists told us leads can assist them in developing relationships and networking within the exporting community because they demonstrate CS’ capabilities in identifying opportunities in foreign markets and thus help provide an entrée with prospective new clients. All of the trade specialists we spoke to felt CS should continue identifying and communicating trade leads even though they may not generate immediate export successes.

B. The TPCC trade lead database should contain a comprehensive listing of federal export opportunities

While export.gov is currently being marketed as the federal government’s one-stop shop for export resources, it does not offer a consolidated portal for trade leads from TPCC member agencies that develop or have access to trade leads. It does not even include trade leads generated by other Commerce Department organizations.

Exporters must search multiple websites to find export opportunities identified by TPCC agencies because export.gov currently features only trade leads from overseas CS posts and select State Department partnership posts (see Figure 9). Three other bureaus within Commerce and at least four other TPCC agencies do maintain information on specific export opportunities, but they are not integrated into the export.gov trade lead database.
Exporters seeking comprehensive information on trade leads identified by the TPCC member agencies have to visit at least eight additional websites because export.gov does not function as a consolidated web portal for trade leads (see Table 5). Although export.gov does offer links to most of these websites, the process of finding and reviewing all of these sources of export opportunities is both confusing and time-consuming. Without one consolidated portal for trade leads, CS staff, stakeholders, and interested companies are unable to quickly and efficiently evaluate leads. In addition, because export.gov is marketed as the federal one-stop shop for exporting, interested exporters may not be aware that other federal agencies have identified additional export opportunities not currently promoted on the site. A consolidated portal would save time spent searching multiple Internet sites and would eliminate possible confusion among exporters regarding where to look for trade leads.

<table>
<thead>
<tr>
<th>Agency Trade Leads found on Export.gov</th>
<th>Trade Leads Identified by Federal Agencies but NOT found on Export.gov</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Commerce</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>Office of Inspector General</td>
<td>African Development Bank</td>
</tr>
<tr>
<td></td>
<td>European Bank</td>
</tr>
<tr>
<td>Exporters</td>
<td>BISNIS (Business Information Service for the Newly Independent States)</td>
</tr>
</tbody>
</table>

Figure 9: Export.gov and Federal Agency Trade Leads
Table 5: U.S. Government Sources of Trade Leads*

<table>
<thead>
<tr>
<th>Agency</th>
<th>Trade Opportunities</th>
<th>Posted to Export.gov</th>
<th>Distribution of Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Commercial Service (Commerce/ITA)</td>
<td>Opportunities identified by CS overseas posts</td>
<td>Yes</td>
<td>Most are posted on export.gov. Some may only be sent directly to ITA industry team members through E-Market Express newsletters.</td>
</tr>
<tr>
<td>Advocacy Center (Commerce/CS)</td>
<td>Opportunities relating to overseas development projects and procurements at the five multilateral development banks</td>
<td>No</td>
<td>Advocacy Center’s Lead Line is available on the Advocacy Center’s web page.</td>
</tr>
<tr>
<td>Business Information Service for the Newly Independent States (BISNIS) (Commerce/CS)</td>
<td>Export and investment opportunities in Russia and Eurasia</td>
<td>No</td>
<td><a href="http://www.bisnis.doc.gov">www.bisnis.doc.gov</a> contains a search of three types of trade leads for Russia and Eurasia.</td>
</tr>
<tr>
<td>Minority Business Development Agency (Commerce)</td>
<td>Limited numbers of export opportunities identified by MBDA international trade specialists</td>
<td>No</td>
<td>Opportunities are listed on MBDA’s Phoenix Opportunity database.</td>
</tr>
<tr>
<td>State Department</td>
<td>Opportunities identified by some of State’s overseas posts</td>
<td>Yes</td>
<td>There are various methods, with some posted on export.gov.</td>
</tr>
<tr>
<td>Small Business Administration (SBA)</td>
<td>SBA is coordinating with small business agencies in other countries to identify export opportunities for U.S. firms.</td>
<td>No</td>
<td>These leads will be posted on SBA’s website.</td>
</tr>
<tr>
<td>U.S. Trade and Development Agency (TDA)</td>
<td>Various overseas projects supported by TDA grants.</td>
<td>No</td>
<td>TDA’s Pipeline newsletter lists competitive business opportunities, identifies overseas development projects, and reports on preliminary studies of projects.</td>
</tr>
<tr>
<td>U.S. Agency for International Development (USAID)</td>
<td>USAID projects overseas, which may lead to sales opportunities for U.S. firms.</td>
<td>No</td>
<td>USAID projects are highlighted on its web page.</td>
</tr>
<tr>
<td>Millennium Challenge Corporation (MCC)</td>
<td>MCC grants may lead to overseas sales opportunities for U.S. firms.</td>
<td>No</td>
<td>MCC’s website links to Partner Country Procurements, which lists opportunities with MCC-partner nations.</td>
</tr>
</tbody>
</table>

* We did not review any potential trade leads identified by the Department of Defense

Source: OIG Analysis

While Commerce houses the TPCC and its portal for trade leads, leads from buyusa.gov, BISNIS, the Advocacy Center, and the multilateral development banks, all of which come from Commerce sources, do not show up on export.gov (see Figure 10). BISNIS’ trade leads are only posted on the BISNIS website. The BISNIS-generated trade leads are very similar to those identified by CS staff overseas and should be posted using CS’ trade lead system.
The Advocacy Center publishes the lead line, a quarterly list of trade leads related to opportunities at the five multilateral development banks. This list is only accessible through the Advocacy Center website or through special e-mail lists coordinated by the CS officers posted at the banks. These methods of communicating trade leads only reach companies that are already aware that trade opportunities exist through the banks and which are specifically searching for such information. There is no direct link from the export.gov trade leads section to the lead line. The lead line can only be accessed via export.gov by going through the section for advocacy assistance. Wider distribution of the multilateral development bank trade leads through the export.gov database and more education about what export opportunities the banks have to offer would benefit U.S. companies (also see Chapter V for a discussion of these banks).

Commerce’s MBDA also highlights some trade opportunities on its Phoenix Opportunities database that might be relevant for the broader audience attracted by the export.gov website. CS should work with MBDA to post its applicable trade leads on the export.gov website. Such posting could increase the visibility of MBDA’s trade leads to minority-owned businesses.

C. Better technology and specificity could improve the usefulness of the TPCC database of trade leads

The current export.gov trade lead system does not automatically send registered companies information on export opportunities that match their online profile. This technology was previously available on the USAID-funded Global Trade and Technology Network (GTN), but is not part of the technology that export.gov currently uses (see Figure 11). For small to medium-sized enterprises, the ability to have automatic notification of potential leads is a valuable time and resource-saving tool.

CS’ E-Market Express newsletter provides trade lead information in a somewhat similar manner as GTN’s automatic notification, but this CS tool has its shortcomings. These newsletters do highlight some trade leads in specific industry sectors and geographical locations, but the trade leads are not as timely or specific as those that could be generated through an automated system. E-Market Express
leads are untimely because the newsletter is only produced when there is enough relevant information to pass to an industry team. This could be monthly, quarterly, or even less frequently throughout the year. CS should explore whether automatic notification technology would be a useful and cost-effective tool for its export.gov trade lead database system.

Another improvement to export.gov’s trade lead system that CS should consider is the addition of more specific industry categories to the trade lead database. Several trade specialists at USEAC offices noted that the industry categories used on the current trade lead database were too broad, particularly for service industries. By allowing companies to select more specific industry categories when creating their online profiles, any automatic notification system developed for the trade lead database will produce trade leads that more accurately reflect companies’ search criteria.

**Recommendations:**

*We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:*

- Consolidate or replicate trade leads and export opportunities identified by all relevant TPCC and Commerce organizations in the export.gov trade lead database.
- Explore options for improving the technology and specificity employed for the export.gov trade lead database including,
  - Implementation of a cost-effective automatic notification function for matching trade leads to a company’s online profile; and
  - The addition of more specific industry categories for the export.gov trade lead database.

**ITA’s Response to OIG Draft Report and OIG Comments**

The Deputy Under Secretary for International Trade provided a response to our recommendations related to consolidating all relevant TPCC and Commerce trade leads into export.gov, as well as exploring options for improving the technology and specificity of the export.gov trade lead database. ITA agreed to survey the TPCC agencies to ensure the appropriate trade leads are included in export.gov. ITA also indicated that it would follow up on our recommendation to consider adding an automatic notification function to the export.gov trade lead database, as well as increasing the industry specificity used to match trade leads with a company’s online profile. In its response to a recommendation made in Chapter III, ITA also agreed to add multilateral development bank trade leads to the export.gov database. We appreciate ITA’s commitment to enhancing the export.gov trade lead resource for U.S. exporters.
ITA disputed the assertion in our draft report that SBA and USAID may provide relevant trade leads. However, as discussed in the draft report, we found that SBA is planning to identify information on export opportunities for U.S. firms, and USAID projects may result in export opportunities for U.S. firms. We encourage ITA officials to coordinate closely with SBA because of its plans to develop a parallel trade lead database that would duplicate the functionality of the export.gov database and its plans to identify trade opportunities for U.S. firms by working with small business associations in foreign countries. As stated in the draft report, we found that USAID and MCC projects could provide possible export opportunities for U.S. companies when those agencies provide funds directly to foreign governments. When foreign governments are free to procure goods and services competitively, their procurement tenders are valid export opportunities, even though the original funding may have come from the U.S. government. We encourage ITA to work with USAID and MCC to develop a process for highlighting any projects that might result in export opportunities for U.S. firms. As recommended in our draft report, we ask that ITA incorporate notices of such projects into the export.gov trade lead database.

In response to our recommendation that ITA consolidate and rationalize its multiple Internet platforms (see Chapter III), ITA stated that BISNIS maintains an ITA platform that is technically incompatible with export.gov, and thus the agency could not easily consolidate the BISNIS and export.gov trade event listings. ITA’s response does not, however, discuss whether it could integrate BISNIS trade leads into the export.gov platform and does not explain why information on the BISNIS website cannot also be replicated on export.gov. As part of its action plan, ITA should discuss its plans to integrate BISNIS trade leads into export.gov or explain if these trade leads will be replicated in the export.gov database.
V. CS Can Better Communicate Trade Opportunities at the Multilateral Development Banks

The Advocacy Center oversees Commerce’s operations at the five multilateral development banks, which fund development projects around the world. The Center’s staff, as well as CS officers and staff at the banks and a few trade specialists, have taken positive steps to increase U.S. business awareness of opportunities at the banks. While most CS officers, state trade agencies, and other federal agencies that we spoke with were generally aware that bank projects may present export opportunities, many of them were unaware of the full range of trade and finance opportunities at the banks. It can be difficult and time-consuming for companies to take advantage of business opportunities through the banks, but such opportunities may be appropriate for some companies and are not widely understood by international trade specialists. In order to improve the awareness of bank opportunities by exporters and trade assistance agencies, CS should better define trade finance, consulting, and other direct procurement opportunities at the banks and improve its outreach to key stakeholders on bank opportunities.

### A. CS should better define trade finance and direct procurement opportunities at the banks

CS is just beginning to highlight trade finance opportunities at the banks. All five of the multilateral development banks with CS officers provide financing and investment guarantees that might be beneficial to U.S. companies. Such finance assistance may be offered by a bank alone or in conjunction with financing and investment guarantees offered by the Small Business Administration (SBA), the Export-Import Bank of the United States (ExIm Bank), the Overseas Private Investment Corporation (OPIC), other multilateral development banks, or private banks (see Table 7).

CS has not clearly defined which trade finance products offered by the banks could be useful for U.S. companies, and provides only limited information on these finance opportunities on the bank’s websites and the export.gov portal. Though the export.gov website has a section dedicated to international finance, this section does not include information on multilateral development bank financing. Some of Commerce’s individual bank websites do have a synopsis of the bank’s private sector lending opportunities, but all lack targeted, how-to information on finance and investment guarantee programs. By contrast, we found that Canada’s Foreign Affairs and International Trade Ministry website provides detailed information on private sector financing opportunities at the World Bank and four regional banks, including information on eligibility, the types of projects funded, financing instruments available, and how to apply for financing. The Ministry website also provides a detailed country-by-country listing of possible sources of trade financing (see Table 7).

---

**Table 6: CS Staffing at the Multilateral Development Banks**

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Location</th>
<th>Number of CS Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Development Bank</td>
<td>Manila, Philippines</td>
<td>5</td>
</tr>
<tr>
<td>African Development Bank</td>
<td>Tunis, Tunisia</td>
<td>1</td>
</tr>
<tr>
<td>European Bank for Reconstruction &amp; Development</td>
<td>London, England</td>
<td>2</td>
</tr>
<tr>
<td>Inter-American Development Bank</td>
<td>Washington, DC</td>
<td>2</td>
</tr>
<tr>
<td>World Bank</td>
<td>Washington, DC</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Advocacy Center
Table 7: Trade Finance Opportunities at the Multilateral Development Banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>Financing/Private Sector</th>
<th>Political Risk/Credit Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td>The World Bank Group</td>
<td>• IFC funds up to 25% of new projects, or up to 50% of expansion projects</td>
<td>• IFC offers partial credit guarantees</td>
</tr>
<tr>
<td>International Finance Corporation (IFC); Multilateral Investment</td>
<td>• MIGA covers equity investments up to 90%, and debt up to 95%</td>
<td>• MIGA offers investment guarantees up 95% of the total project value.</td>
</tr>
<tr>
<td>Guarantee Agency (MIGA)</td>
<td></td>
<td>• MIGA has a coinsurance program with private insurers to cover political risk</td>
</tr>
<tr>
<td>Inter-American Development Bank</td>
<td>• Funds up to 25% of project cost</td>
<td>• Offers risk products for up to 50% of project cost</td>
</tr>
<tr>
<td>European Bank for Reconstruction &amp; Development</td>
<td>• Provides corporate finance and project finance loans</td>
<td>• Offers credit guarantees of up to 25% of project cost</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>• Funds up to 25% of total project cost</td>
<td>• Offers various loan guarantee products</td>
</tr>
<tr>
<td>African Development Bank</td>
<td>• Offers various types of project funding and can syndicate loans from other lenders</td>
<td>• Offers coverage against expropriation, currency inconvertibility, political violence, and</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td></td>
<td>breach of contract</td>
</tr>
</tbody>
</table>

Source: Canadian Ministry of Foreign Affairs and International Trade, http://www.infoexport.gc.ca/ifinet/projectfin/finance-e.htm; data was last updated in May 2004.

In order to help U.S. companies take advantage of trade finance opportunities at the multilateral development banks, CS needs to clearly define which financing opportunities might be applicable to U.S. companies and how these could complement other financing sources. CS should also make sure that such information is highlighted on the appropriate websites, including export.gov.

CS should better define direct procurement opportunities at the banks. Several CS bank officers told us that many companies are involved for years in developing bank projects before winning a major procurement resulting from that project. Because of the required time commitment, many of CS’ domestic trade specialists feel the banks represent a niche market suited for only large companies with extensive resources. One trade organization representative said small companies should “probably stay out of [bank] issues.” Although pursuing the banks’ major development projects may not be feasible for smaller companies, there are other opportunities less widely known.

CS officers at the banks noted that technical assistance contracts and other direct procurement opportunities may be good prospects for smaller U.S. companies. These contracts are generally smaller procurement opportunities that may not interest larger companies, and can result in short-term sales opportunities (see Figure 12). In some cases, greater U.S. business participation in smaller service contracts may also improve opportunities for U.S. companies in the larger bank projects. For example, greater U.S. participation in the formative stages of projects could help
The San Francisco USEAC outlined the following reasons for pursuing technical assistance opportunities at the multilateral development banks:

- Billions of dollars in funding for procurement of goods and services.
- Transparent and consistently monitored procurement process.
- A “safe” way to establish a market foothold.
- Availability of assistance from Commerce in pursuing the opportunities.

Source: Presentation prepared by the San Francisco USEAC

ensure that projects are developed using technical standards that do not bias the project against U.S. companies.

Currently, CS has developed only limited information on the banks’ technical assistance contracts and other direct procurement opportunities. Commerce’s bank websites include some information for U.S. companies interested in bidding on consulting opportunities at the banks, though they differ significantly in the amount of detail provided. The San Francisco USEAC was the only USEAC with which we spoke that seemed to be fully knowledgeable about technical assistance opportunities at the five banks. It has independently developed a presentation on technical assistance and direct procurement opportunities at the banks and has assisted local consulting firms in pursuing such opportunities. As of February 14, 2007, one of these firms was close to closing its first contract with one of the development banks.

In order to facilitate outreach to the USEACs and other stakeholders to highlight business opportunities at the banks, the Advocacy Center should develop more detailed information on such procurement opportunities at the banks and post this information on appropriate Internet sites, including export.gov, CS’ intranet sites accessible to USEAC staff, and the CS bank websites. As it develops this information, the Advocacy Center should leverage the experience and informational materials developed by the San Francisco USEAC.

B. **CS can further improve its outreach on development bank trade opportunities**

The Advocacy Center, CS staff assigned to the banks, and a few USEAC trade specialists have worked in recent years to improve their outreach to U.S. businesses and better educate them on bank opportunities. The Advocacy Center has held several seminars for U.S. businesses (see Figure 13), and the center’s director recently traveled to Chicago to promote bank opportunities. He also went to Miami to begin reaching out to private banks to discuss opportunities at the Inter-American Development Bank, which can assist the private banks’ clients by complementing or guaranteeing the financing offered by the private banks.

At least three of CS’ bank officers have conducted information seminars in the United States on bank opportunities. The officer at the Asian Development Bank coordinated his seminars with local USEACs. The officer at the Inter-American Development Bank set up a business information kiosk at the bank’s offices in Washington,

Figure 13:
**Bank Seminars**

In 2005, Commerce’s Advocacy Center and the National Foreign Trade Council hosted an “Open the Banks” conference in Washington, D.C., to educate over 500 representatives of U.S. companies on the variety of bank opportunities and working with the banks. The Advocacy Center attracted 170 participants to a similar conference, “Banking on Development,” in New Orleans in March 2006, and plans to host another such conference in New Orleans in March 2007.

Source: Advocacy Center
D.C. All of the CS bank officers maintain websites for their banks and send e-mail messages about bank opportunities to companies that have expressed interest in receiving such information. While these efforts are useful, many key stakeholders, including USEAC staff, other TPCC trade finance agencies, and state trade offices are not well informed of trade finance and direct procurement opportunities at the banks.

The Advocacy Center should take steps to ensure that USEAC staff have current information on bank opportunities. The USEACs maintain extensive relationships with businesses in their local communities and need complete information on the banks in order to determine whether bank opportunities would be useful or relevant for their clients. We found that many USEAC staff are not well informed of the full scope of bank opportunities so they cannot effectively determine whether their clients could benefit from such opportunities. A USEAC director told us that he has received almost no information on bank opportunities. One CS bank officer estimated that only about 2 percent of USEACs refer companies to the banks, although this officer has begun visiting USEACs to increase their awareness of bank opportunities. While the director of the Advocacy Center acknowledged the value of educating USEAC staff on bank opportunities, the Advocacy Center has not yet provided USEACs with current information on trade finance and direct procurement opportunities at the banks.

The Advocacy Center also needs to improve outreach to and coordination with other TPCC trade finance agencies to ensure that clients are referred to the multilateral development banks when appropriate. The Small Business Administration officials with whom we spoke were unaware of trade finance opportunities at the banks. OPIC refers clients to officials at the banks but does not routinely refer them to CS bank officers. Since CS’ bank officers have a mandate to assist U.S. companies with business at the banks, OPIC’s clients should be notified routinely that such assistance is available. OPIC expressed interest in providing information to its finance specialists on the role of the CS bank officers. ExIm Bank managers also expressed interest in coordinating more closely with Commerce to ensure that their clients can take advantage of financing opportunities at the multilateral investment banks when appropriate.

In addition, CS should also expand its outreach to state trade agencies to help ensure that they have information on bank opportunities, allowing these agencies to refer their clients to the banks when appropriate. Knowledge of the banks among state trade agencies is inconsistent. More than half of the 16 state trade agencies we contacted have not worked with the multilateral development banks and approximately one quarter are not at all familiar with the banks. One state trade agency is actively engaged in pursuing World Bank and Inter-American Development Bank opportunities, but a representative from another state said it is “unrealistic and foolhardy” for a company with no outside marketing representatives to chase procurements at the banks. Providing additional information to state trade agencies on bank opportunities would help those agencies make informed decisions on whether the banks can be useful for their clients.

We also found that coordination between the Advocacy Center and the USEACs on business outreach events should be improved. On at least two recent occasions, the Advocacy Center has conducted a bank-related outreach event without notifying or inviting the local USEAC office. The Advocacy Center should include the local USEACs in such outreach events because the
USEACs’ knowledge of the local business community could help ensure that such outreach events reach the appropriate audience.

Seminars or other outreach events organized for specific banks should also inform the audience that opportunities exist at the other four multilateral development banks. Currently, CS bank officers do not always mention that additional opportunities may exist at the other banks when giving information seminars. The Advocacy Center should ensure that the CS officers at the banks have information on all of the banks supported by CS, and that the information seminars on specific banks include basic information on the other banks.

**Recommendations:**

We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:

- Improve U.S. exporters’ access to the finance and business opportunities available at the multilateral development banks, by improving information materials on these opportunities and expanding outreach by the Advocacy Center and CS representatives at the banks. This should include:
  - Providing additional information on trade finance and consulting and other direct procurement opportunities at the banks and ensuring that CS’ bank websites and export.gov adequately describe or reference these opportunities;
  - Coordinating with other TPCC trade finance agencies to help ensure that their clients are referred to multilateral development bank finance products, as appropriate, and are informed of the services provided by CS bank officers;
  - Providing additional information on the banks to the state trade offices, in cooperation with USEACs;
  - Coordinating the Advocacy Center’s outreach events for businesses with the local USEACs; and
  - Ensuring that CS bank officers include basic information on all the banks when conducting information seminars for U.S. companies.

**ITA’s Response to OIG Draft Report and OIG Comments**

In response to our recommendations to improve U.S. exporters’ access to the business and finance opportunities at the multilateral development banks, ITA provided a detailed discussion of the Advocacy Center’s ongoing multilateral development bank initiatives, but did not directly address most of our recommendations. ITA’s response did note that the Advocacy Center “works closely” with other TPCC trade finance agencies, including Ex-Im Bank, OPIC, and SBA, to ensure that their clients are informed of relevant finance opportunities at the multilateral development banks. However, such close cooperation was not evident at the time of our review.
We encourage the Advocacy Center to continue its engagement with the other TPCC trade finance agencies through the TPCC trade finance working group, as discussed in Chapter I of this report, or other means. We also encourage the Advocacy Center to include any other relevant ITA staff, as well as staff from the other TPCC trade finance agencies, in appropriate sections of the bank finance training that it has organized for Advocacy Center and bank staff.

ITA’s response also noted that the Advocacy Center is reaching out to private U.S. banks to inform them of risk mitigation products available through the World Bank and the Inter-American Development Bank. This initiative is a positive step towards addressing our recommendation that the Advocacy Center provide additional information on trade finance opportunities at the banks. ITA did not directly address the other recommendations in our draft report regarding the multilateral development banks. We ask that ITA provide a more detailed discussion of ITA’s plans to implement our other recommendations when it submits its action plan.
SUMMARY OF RECOMMENDATIONS

We recommend that the Under Secretary for International Trade, coordinating as necessary with the Secretary of Commerce, ensure that the following actions are taken:

1. Establish ongoing interagency working groups of the Trade Promotion Coordinating Committee (TPCC) to better facilitate coordination and collaboration among federal agencies on specific issues related to trade promotion, including trade leads, Internet service delivery, trade finance, and trade capacity-building.

2. Seek to include an appropriate member of the District Export Councils, such as the chairman of the District Export Council National Steering Committee, on the President’s Export Council.

We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:

1. Improve collaboration between CS and state trade agencies by:
   a. Ensuring that state trade officials are credited on CS’ export successes when appropriate;
   b. Working with individual states to improve their reporting of export successes that CS has worked on;
   c. Pursuing additional collocation of the USEACs and state trade offices when practical;
   d. Inviting state trade officials to participate in the TPCC training sessions; and
   e. Inviting relevant state trade officials to join some of ITA’s industry teams.

2. Strengthen ITA’s and CS’ collaboration with the district export councils by:
   a. Developing a strategic plan defining the councils’ role and how they can complement CS’ export promotion activities;
   b. Establishing appropriate mechanisms for the district export councils to provide input to ITA on the export assistance needs of small and medium-sized companies; and
   c. Finalizing the District Export Council Handbook, integrating relevant information from the strategic plan into the handbook.

3. Better coordinate ITA’s multiple client outreach efforts to help prevent duplication and obtain useful feedback from focus groups, the district export councils, ITA’s Manufacturing and Services organization, the state trade offices, and others, as appropriate.

4. Establish a joint Commerce-State mechanism for planning and consultation on the partnership post program.

5. In conjunction with the State Department, develop guidance on the partnership post program for CS regional posts and State partnership posts that:
   a. Clearly defines the roles and responsibilities of State’s partnership posts and CS posts in supporting them, including when CS-State partnerships should exist;
   b. Defines the type and level of support to be provided by each agency;
c. Discusses the criteria for determining when diplomatic accreditation of CS officers to partnership posts may be appropriate and defines procedures for such accreditation; and
d. Specifies what partnership arrangements are appropriate for posts with BISNIS representatives.

6. Develop performance measures or other appropriate ways of recognizing the efforts of CS posts that support partnership posts.

7. Work with the State Department to develop an appropriate interagency agreement on business processes and issue implementation guidance for State and CS posts on cooperation related to the partnership post program which:
   a. Establishes a fee collection and pricing structure for partnership post services that is consistent with both agencies’ legal authorities for collecting and retaining user fees and includes procedures for the transfer and retention of fees, as necessary;
   b. Establishes quality standards for CS-branded services delivered at partnership posts and procedures for monitoring the quality of these services;
   c. Defines Commerce’s role in providing training to State officers and staff at partnership posts and details any minimum training requirements for State officers or staff providing CS-branded products and services;
   d. Defines procedures for reporting export successes at partnership posts, specifying how the reporting structure will credit staff from different agencies and will avoid double-counting export successes that Commerce and State report to Congress.

8. Enhance Commerce-State cooperation at partnership posts by:
   a. Providing all partnership posts with active commercial programs direct access to CS business-essential web-based tools and coordinating with State to broaden partnership post access to any other relevant CS or ITA IT systems;
   b. Coordinating with State to (1) integrate the commercial websites of CS and State overseas offices, (2) provide appropriate space for partnership post websites on CS’ upcoming Internet platform, and (3) ensure that all partnership posts with commercial websites are listed on export.gov;
   c. Coordinating with State to identify which partnership posts have the resources to conduct market research and include such posts in CS’ annual market research planning process.

9. In conjunction with the State Department, take steps to help improve USEAC cooperation with the partnership posts by:
   a. Providing USEAC staff with more complete information on individual partnership posts, including contact information, service availability, and service pricing, through CS’ intranet system; and
   b. Opening lines of communication between the State Department’s Bureau of Economic and Business Affairs and Commerce’s Office of Domestic Operations to provide State with feedback on services provided by partnership posts.

10. Assign clear responsibility for decision-making on the organization and content of ITA’s various Internet websites in order to ensure that this content is well organized and easily accessible to exporters.

11. Improve the organization and content of ITA’s Internet web pages by:
   a. Moving forward with ITA’s plan to move the USEAC websites from buyusa.gov to export.gov;
b. Integrating content from ITA’s various trade promotion websites, such as the Trade Information Center, BISNIS, Trade Finance Matchmaker, and buyusainfo.net, into export.gov, and decommissioning those that are no longer needed;

c. Considering the addition of real-time Internet chat capability for trade specialists in the Trade Information Center and closer collaboration with FedEx or another good source to identify and update country-specific tariffs and customs procedures;

d. Coordinating with other TPCC agencies to consolidate each agency’s export-related information onto the export.gov portal and include more links to relevant content on the TPCC agencies’ websites; and

e. Ensuring that export.gov contains relevant information about locally-sponsored trade events and trade leads listed on CS posts’ buyusa.gov websites, USEAC sites, BISNIS sites, and other Commerce web pages.

12. Consolidate or replicate trade leads and export opportunities identified by all relevant TPCC and Commerce organizations in the export.gov trade lead database.

13. Explore options for improving the technology and specificity employed for the export.gov trade lead database including,

   a. Implementation of a cost-effective automatic notification function for matching trade leads to a company’s online profile; and
   b. The addition of more specific industry categories for the export.gov trade lead database.

14. Improve U.S. exporters’ access to the business and finance opportunities available at the multilateral development banks, by improving information materials on these opportunities and expanding outreach by the Advocacy Center and CS representatives at the banks. This should include:

   a. Providing additional information on trade finance and consulting and other direct procurement opportunities at the banks and ensuring that CS’ bank websites and export.gov adequately describe or reference these opportunities;
   b. Coordinating with other TPCC trade finance agencies to help ensure that their clients are referred to multilateral development bank finance products, as appropriate, and are informed of the services provided by CS bank officers;
   c. Providing additional information on the banks to the state trade offices, in cooperation with USEACs;
   d. Coordinating the Advocacy Center’s outreach events for businesses with the local USEACs; and
   e. Ensuring that CS bank officers include basic information on all the banks when conducting information seminars for U.S. companies.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the National Institute of Standards and Technology, ensure that the following action is taken:

15. Facilitate coordination between the Commercial Service and NIST on trade promotion issues by:
a. Inviting local Manufacturing Extension Partnership (MEP) offices to participate in the district export councils, when practical; and
b. Inviting MEP officials to participate in relevant meetings and working groups organized by the TPCC.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the Minority Business Development Agency, ensure that the following action is taken:

16. Facilitate coordination between CS and MBDA on trade promotion issues by:
   a. Inviting local MBDA offices to participate in the district export councils, when practical; and
   b. Inviting appropriate MBDA officials to participate in relevant meetings and working groups organized by the TPCC.

We recommend that the Under Secretary for International Trade and the Under Secretary for Economic Affairs ensure that the following actions are taken:

17. Evaluate ways of improving coordination between ITA and STAT-USA on the identification of trade leads to minimize duplication and improve the quality of the Department’s trade lead efforts.
March 28, 2007

MEMORANDUM FOR:  Jill Gross  
Assistant Inspector General for Inspections and Program Evaluations

FROM:  Michelle O’Neill

SUBJECT:  Response to Draft OIG Report – Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts (IPE-18322)

Thank you for your report recommending enhanced coordination of export promotion efforts. We appreciate your thorough review and have given careful consideration to your recommendations.

Attached please find ITA’s response.

Attachment

cc:  Israel Hernandez  
Gabe Pellathy  
David Robinson
OIG Conclusions

1. Opportunities Exist for Greater Collaboration with Trade Partners
2. Commerce and the State Department Should Strengthen their Cooperation Efforts to Support Partnership Posts
3. Despite Recent Progress, ITA Can Further Improve the Effectiveness of its Internet Trade Promotion Resources
4. Identification and Communication of Trade Leads Should be Improved
5. CS Can Better Communicate Trade Opportunities at the Multilateral Development Banks

OIG Recommendations

We recommend that the Under Secretary for International Trade, coordinating as necessary with the Secretary of Commerce, ensure that the following actions are taken:

1. Establish ongoing interagency working groups of the Trade Promotion Coordinating Committee (TPCC) to better facilitate coordination and collaboration among federal agencies on specific issues related to trade promotion, including trade leads, Internet service delivery, trade finance, and trade capacity-building.

ITA Response:

During the remainder of the fiscal year, ITA will engage with our TPCC partners using established or new working groups, to address issues related to trade promotion, trade leads, Internet service delivery, trade finance, and trade capacity-building, and other issues of importance to the U.S. exporting community are addressed in a coordinated and cooperative manner.

To address specific challenges, the TPCC has regularly established working groups to improve coordination, solve problems, or plan events. Examples include the MEFTA/Middle East working group and the marketing working group. The issues
related to general trade promotion (not country or industry specific), trade leads, and the Internet would be addressed by the marketing working group.

Separately, the TPCC will approach Ex-Im Bank regarding the feasibility of developing a co-guarantee product with the Multilateral Development Banks (MDBs) and explore the possibility of engaging a broader group of agencies to look at this issue.

2. Seek to include an appropriate member of the District Export Councils, such as the chairman of the District Export Council National Steering Committee, on the President’s Export Council.

ITA Response:

ITA will request that the President’s Export Council (PEC) invite the District Export Council (DEC) national chairperson to join the PEC.

We recommend that the Under Secretary for International Trade and the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service ensure that the following actions are taken:

1. Improve collaboration between CS and state trade agencies by:
   a. Ensuring that U.S. State trade officials are credited on CS’ export successes when appropriate;
   b. Working with individual states to improve their reporting of export successes that CS has worked on;
   c. Pursuing additional collocation of the USEACs and state trade offices when practical;
   d. Inviting state trade officials to participate in the TPCC training sessions; and
   e. Inviting relevant state trade officials to join some of ITA’s industry teams.

ITA Response:

On the local level, partnering is an important part of planning the delivery of export promotion services through the annual U.S. Export Assistance Center work plans and individual performance plans. Our measures are collaborative by design, because they provide an incentive for trade professionals to team with State employees and other international trade multipliers to solve clients’ problems and assist them in entering new markets. Our staff is instructed to share credit for client successes, and are evaluated on this through a collaboration element in their individual performance plans. We have also developed a national CS Strategic Partnership initiative, in which the States are a key partner. Collaborating on client successes is an important component of this initiative.

We agree with the OIG recommendations regarding collocation and training and will continue to look for collocation opportunities. The TPCC is including State trade
officials from Minnesota, Georgia and North Carolina in each of the three training
sessions scheduled for 2007

We agree with the OIG recommendation to invite U.S. State export promotion staff to
join the ITA teams. The Global Teams Director will pursue this working with the State
International Development Organization.

There are fifty CS-U.S. State relationships each with their own strengths and
opportunities for improvement. We are committed to improving CS-State partnerships
through consistent communication, sharing of best practices, and working together to
effectively deliver trade promotion services to clients.

2. Strengthen ITA’s and CS’ collaboration with the district export councils by:
   a. Developing a strategic plan defining the councils’ role and how they can
      complement CS’ export promotion activities;
   b. Establishing appropriate mechanisms for the district export councils to provide
      input to ITA on the export assistance needs of small- and medium-sized
      companies; and
   c. Finalizing the District Export Council Handbook, integrating relevant information
      from the strategic plan into the handbook.

ITA Response:

The CS works with the DEC Steering Committee nationally, and with individual DECs
locally, to integrate DEC and CS planning and activities. The DEC Handbook provides
overall guidance on the DEC’s role in the community, and local and national CS
managers help DECs translate ideas into complementary activities.

We also have point of contacts for DECs to utilize in notifying ITA of the export
assistance needs of small- and medium-sized businesses on a regular basis. For
individual DECs, their designated point of contact is the local USEAC Director who
serves as the DEC Executive Secretary and works with local DEC members daily. The
Deputy Assistant Secretary for Office of Domestic Operations is the point of contact for
the National DEC Steering Committee, and holds monthly conference calls with them.

The DEC Handbook was updated and distributed in 2005, and still provides good
guidance. It contains the purpose, mission, and potential activities for DECs. We will
review and update the DEC Handbook, where necessary, and distribute it again to ensure
that all members are aware of this valuable and relevant guidance.

3. Better coordinate ITA’s multiple client outreach efforts to help prevent duplication
and obtain useful feedback from focus groups, the district export councils, ITA’s
Manufacturing and Services organization, the state trade offices, and others, as
appropriate.
ITA Response:

ITA makes every effort to both cooperate with our ITA colleagues and to avoid duplication of services. When contacted directly by another ITA unit, CS field staff have been instructed to alert HQ operation to ensure that we are acting in a coordinated fashion and that appropriate resources are devoted to an ITA event or activity.

CS Customer Relationship Management Unit (CRMU) focuses its “Voice of the Customer” Program on collecting client feedback from our external clients and key partners regarding their experiences with CS products/services, events, and counseling sessions. This customer feedback is systematically collected through OMB approved comment cards and surveys that are sent on a transactional basis for CS products/services and events, and to clients who have received three or more counseling sessions within a six month period. Additionally, the CRMU collects client feedback through the CustomerCare Hotline either by telephone or e-mail and focus groups. The collected data is analyzed to identify and track trends in order to make business process improvements. This is an ongoing process to ensure that the CS meets the ever-changing needs of our customers. CRMU identified trends and methodology were validated with the American Customer Satisfaction Index (ACSI), an industry benchmark.

ITA units are working together to improve both U.S. and foreign market research through increased coordination and cross-unit feedback. Annually, all ITA units have the opportunity to request specific market research worldwide and to provide feedback on the requested research. In addition, ITA teams are providing feedback to MAS on U.S. industry analysis. While significant progress has been made in these areas, ITA can do more to improve cross-unit coordination and cooperation.

4. Establish a joint Commerce-State Department mechanism for planning and consultation on the partnership post program.

ITA Response:

Commerce and State Department are presently negotiating an MOU that would establish this sort of mechanism. (See draft MOU attached.)

As a result of recent coordination efforts, the CS and State Department have identified points of contact for commercial assistance in every non-CS staffed State Department post in the world. Having done this, we are now developing an action plan that 1) provides clear policy and procedural guidance to all posts and 2) differentiates levels of service into three tiers based on market potential and available resources.

The MOU will allow us to establish systematic and regular lines of communication and continued coordination improvements.

5. In conjunction with the State Department, develop guidance on the partnership post program for CS regional posts and State partnership posts that:
a. Clearly defines the roles and responsibilities of State’s partnership posts and CS posts in supporting them, including when CS-State partnerships should exist;
b. Defines the type and level of support to be provided by each agency;
c. Discusses the criteria for determining when diplomatic accreditation of CS officers to partnership posts may be appropriate and defines procedures for such accreditation; and
d. Specifies what partnership arrangements are appropriate for posts with BISNIS representatives.

ITA Response:

CS has provided State Department with a draft MOU. This MOU provides a legal framework for Commerce–State Department cooperation, including the ability to transfer funds to support U.S. companies. (See MOU draft attached).

CS provided State a copy of interim guidance sent to Commercial Service posts and proposed to use this guidance as the basis for a joint Commerce–State Department cable with definitive guidance. This cable will be finalized after the MOU has been signed. This interim guidance defines roles and responsibilities and the level of support to be provided by each agency. The guidance also proposes three tiers of State partner posts with varying levels of activity and support defined for each.

Diplomatic accreditation for CS officers is not necessary for most partner posts. However, accreditation is important if the CS officer visits the partner post frequently and/or if the host country of the partner post is dangerous, or unstable. Accreditation may strengthen the CS officers standing with the partner government, or ease entry to the country. Accreditation is time-consuming and the effort expended to acquire accreditation needs to be weighed carefully against the expected benefits.

The Freedom Support Act funds BISNIS and that funding ends at the end of FY’07. A decision on what, if any, functions and personnel of BISNIS will be taken over by CS is pending. If the CS absorbs some of these functions, then decisions will be made as to the degree of support that BISNIS contractors can provide to other countries.

The OIG report notes that a number of State posts would like to have more support than they currently receive. Resource constraints limit the amount of support FCS can provide; therefore each SCO is expected to make appropriate choices on how to create the best results from the range of opportunities present in the host country and the surrounding partner post countries.

The interim guidance to CS posts proposes a three-tier system that would include every State Department post in the world. CS resource constraints would mean that only a limited number would receive full support. The CS will consult with State Department to determine which posts fall into which category.
CS performance measures do recognize CS support for State posts. CS posts may claim export successes where they directly assisted in a transaction and the State posts will be permitted to give export credits to the CS post. Further, Senior Commercial Officers often receive credit for their support of regional activity in the one way that really matters: in their annual efficiency reports.

The Commercial Diplomacy Success, currently being piloted in the CS, will enable CS officers to be recognized for accomplishments in partner posts that fall outside of export success criteria.

6. Develop performance measures or other appropriate ways of recognizing the efforts of CS posts that support partnership posts.

ITA Response:

On March 8, 2007, CS sent draft guidance (attached) to its field detailing the partner post program. This guidance included a section on performance measures and stated that the single most important evaluative tool of the partner post program will be export successes. CS will consider additional performance measures as the partner program becomes finalized through the MOU.

7. Work with the State Department to develop an appropriate interagency agreement on business processes and issue implementation guidance for State and CS posts on cooperation related to the partnership post program which:
   a. Establishes a fee collection and pricing structure for partnership post services that is consistent with both agencies’ legal authorities for collecting and retaining user fees and includes procedures for the transfer and retention of fees, as necessary;
   b. Establishes quality standards for CS-branded services delivered at partnership posts and procedures for monitoring the quality of these services;
   c. Defines Commerce’s role in providing training to State officers and staff at partnership posts and details any minimum training requirements for State officers or staff providing CS-branded products and services;
   d. Defines procedures for reporting export successes at partnership posts, specifying how the reporting structure will credit staff from different agencies and will avoid double-counting export successes that Commerce and State report to Congress.

ITA Response:

CS collaborated with OGC and ITA accounting to develop an MOU that covers procedures for fee collection and transfer of funds between CS and the State Department. Further, the MOU details that the CS pricing structure and CS product standards are to be used at all partner posts. Product quality will be monitored by the responsible SCOs and through quality assurance surveys that are sent to the recipients of fee-for-service products.
The Interim Partner Post Guidance outlines training requirements for partner posts. CS is reviewing existing partnership post training initiatives and activities and to modify these programs and materials to better serve the training needs of partnership post staff worldwide. CS has given the State Department both the Interim Partner Post Guidance and the MOU, and awaits further discussion. Export success reporting, particularly ways to avoid duplicate reporting is one topic for discussion.

8. Enhance Commerce-State cooperation at partnership posts by:
   a. Providing all partnership posts with active commercial programs direct access to CS business-essential web-based tools and coordinating with State to broaden partnership post access to any other relevant CS or ITA IT systems;
   b. Coordinating with State to (1) integrate the commercial websites of CS and State overseas offices, (2) provide appropriate space for partnership post websites on CS' upcoming Internet platform, and (3) ensure that all partnership posts with commercial websites are listed on export.gov;
   c. Coordinating with State to identify which partnership posts have the resources to conduct market research and include such posts in CS' annual market research planning process.

ITA Response:

The draft MOU provides State Department Tier I partner posts access to IT tools that are needed to provide export assistance. The CS is developing a new Client Tracking System, which will contain company specific data. State Department posts will have access to this system.

Regarding integration, CS will provide appropriate space on export.gov, the primary ITA web-site for exporters for State Department post information. Export.gov presents not only CS content, but other TPCC agencies' content as well and can, in principal, link to content from State Department partner posts.

ITA will include State Department in the market research planning process and work with State partnership posts to develop market research for client benefit.

9. In conjunction with the State Department, take steps to help improve USEAC cooperation with the partnership posts by:
   a. Providing USEAC staff with more complete information on individual partnership posts, including contact information, service availability, and service pricing, through CS' intranet system; and
   b. Opening lines of communication between the State Department's Bureau of Economic and Business Affairs and Commerce's Office of Domestic Operations to provide State with feedback on services provided by partnership posts.
ITA Response:

CS USEACs already cooperate with some State posts, but under the new MOU service levels will become more consistent and predictable. At many State Department partner posts, USEACs already accept fees for products and deliver services. This new partnership will expand service to new markets and improve service at posts already engaged in export assistance.

10. Assign clear responsibility for decision-making on the organization and content of ITA’s various Internet websites in order to ensure that this content is well organized and easily accessible to exporters.

ITA Response:

ITA’s Web Governance Board (WGB) was established in February 2006 as the decision making body responsible for the organization of ITA’s Web content across all of their managed web-sites. The authority and purpose of the WGB has been ratified by ITA’s Strategic Planning Leadership Team to provide guidance and leadership for ITA’s Web presence. One of the primary reasons for the creation of the WGB was to ensure that ITA content will be delivered to Web users through customer-centric channels. The WGB has determined that all exporter-related ITA Web content be delivered through the Export.gov channel, foreign buyer related content to be delivered through the BuyUSA.gov channel, and public policy and ITA generic information through the Trade.gov channel.

The WGB is overseeing projects to realign current content offerings into those three customer centric channels. One such project involves bringing the BuyUSA.gov web-site into the Web Content Management System (WCMS) that is powering Export.gov. As the BuyUSA.gov content is migrated into the WCMS, the exporter-focused content will become available through Export.gov. As the content is migrated, the navigational structure of Export.gov will be reviewed and refined to ensure that delivery is as exporter friendly as possible. Doing so will leave BuyUSA.gov free to focus on attracting foreign buyers and investment. The BuyUSA.gov migration project is underway, with the first domestic and international pilots will be completed before the end of FY07. The other major project underway at this time is migrating content from ita.doc.gov into the same WCMS as Export.gov and BuyUSA.gov as Trade.gov to provide a single, unified structure for all ITA public policy and generic information with a single look and feel and navigation structure.

Ultimately, the goal is to maintain a central repository of all ITA content that is then delivered to specific audiences in ways that are meaningful and beneficial to them. Maintaining centralized control of the content will allow ITA to more effectively manage the content by providing a mechanism for controlling the development, organization and delivery of all of ITA’s content. The WGB other responsibilities are to ensure that the ITA web presence complies with Federal, DOC and ITA web policies and develop
processes for establishing new sites, restructuring existing sites and decommissioning sites.

11. Improve the organization and content of ITA’s Internet web pages by:
   a. Moving forward with ITA’s plan to move the USEAC websites from buyusa.gov to export.gov;
   b. Integrating content from ITA’s various trade promotion websites, such as the Trade Information Center, BISNIS, Trade Finance Matchmaker, and buyusainfo.net, into export.gov, and decommissioning those that are no longer needed;
   c. Considering the addition of real-time Internet chat capability for trade specialists in the Trade Information Center and closer collaboration with FedEx or another good source to identify and update country-specific tariffs and customs procedures;
   d. Coordinating with other TPCC agencies to consolidate each agency’s export related information onto the export.gov portal and include more links to relevant content on the TPCC agencies’ websites; and
   e. Ensuring that export.gov contains relevant information about locally sponsored trade events and trade leads listed on CS posts’ buyusa.gov websites, USEAC sites, BISNIS sites, and other Commerce web pages.

ITA Response:

The CS Web Presence Project will move the U.S. Commercial Service USEAC and Post web-sites to the Stellant Content Management System and is underway. The project schedule calls for the project pilot sites to be in the content management system by the end of FY07. Ultimately, the USEACs and the U.S. exporter-facing side of the post sites will be moved to the export.gov URL.

As ITA and the CS move to the web content management system, various disparate sites are being integrated and/or decommissioned. For example,

Trade Information Center -- The TIC site has been recently moved entirely into Export.gov. Most of the TIC online information can be found in the export.gov Export Basics section. The URL www.Export.gov/tic now tells the customer that the TIC site has been moved and where he/she can find the TIC information in export.gov.

Trade Finance Matchmaker -- The Trade Finance Matchmaker website is not updated or used by the CS Advocacy Center which took over this program within the last year. CS will make a formal request to decommission this site to the ITA Web Governance Board.

Buyussinfo.net -- Although this site still exists, only the backend of the system is really viable, and the URL is not active. The CS Market Research Library uses the databases built in buyusainfo.net to house and coordinate CS market research. All market research documents appear within the Export.gov system and eventually the Market Research will
be completely moved to the web content management system. At this time, a decommissioning request for the buyusainfo.net site will be made and will not affect the use of the databases for CS market research.

Customers could benefit from the addition of real-time Internet chat capability because it is one more way to engage a trade specialist. However, most issues are difficult to convey and resolve via on-line instant messaging. Even email is difficult because the client typically gives partial information on an issue that requires back and forth exchange to fully understand and properly resolve. However, the TIC will review the USA.gov website and their Internet chat capability to further consider the option. Other appropriate steps include: evaluating the technological solution and costs, surveying the TIC customer base on their preference for using Internet chat, researching benchmarks and best practices of other government agencies, and deciding on the cost effectiveness of implementing the chat capability.

TPCC agency content is incorporated into export.gov. For example, on the export.gov home page this week, Foreign Agriculture Service’s programs are featured. Last week it was OPIC’s upcoming conference in El Salvador. When Export.gov was being developed the agencies attended the content creation meetings and were given the lead in developing the export finance and investment sections on the site.

The TPCC marketing working group will include export.gov content on its agenda to make sure that the TPCC agencies are satisfied with their content on Export.gov.

USEAC sites: The Commercial Service Web Presence project team is managing the migration of all CS websites from buyusa.gov to Stellent, ITA’s new state-of-the-art web content management system, on export.gov. This will allow us to ensure that all CS locally sponsored trade events are also displayed on export.gov. The pilot will begin in October 2007.

Overseas sites: Our overseas local website event and trade lead content is managed by local webmasters, and re-inputting data to eMenu on trade leads and trade events is not standardized. To automate and improve this process, CS is migrating its overseas buyusa.gov web presence to Stellent as well.

BISNIS sites: When BISNIS became part of CS under the ITA reorganization almost three years ago, we worked closely with OCIO to try to address the technology aspects of the integration. BISNIS has a more advanced IT platform and the integration of the two networks presents challenges, many of which we were able to address successfully. However, with regard to trade events, we concluded that building an interface with eMenu would not be a viable, time worthy, or cost efficient answer. Given that the BISNIS platform is significantly different and that funding for the office is presently unclear, it does not make sense at this time to start such a project. BISNIS is researching alternatives with OCIO to resolve this situation.

Advocacy Center site: The Advocacy Center receives procurement and projects leads from its offices at the multilateral development banks. The Advocacy Center will work
with OCIO to include these leads in eMenu in order to be pushed on to the export.gov website.

12. Consolidate or replicate trade leads and export opportunities identified by all relevant TPCC and Commerce organizations in the export.gov trade lead database.

ITA Response:

An ITA team will conduct a survey of the agencies to ensure that appropriate trade leads are included in Export.gov. It should be noted that SBA does not have any trade leads, MBDA trade leads are very few and they are restricted for minority businesses; USAID projects are essentially U.S. Government domestic procurements, which should not be included in Export.gov.

13. Explore options for improving the technology and specificity employed for the export.gov trade lead database including,
   a. Implementation of a cost-effective automatic notification function for matching trade leads to a company’s online profile; and
   b. The addition of more specific industry categories for the export.gov trade lead database.

ITA Response:

As we continue to improve export.gov, ITA will incorporate both of these recommendations to improve the relevance of trade leads to specific exporters and to proactively push trade leads to appropriate ITA clients. Matching specific trade leads to a company’s profile is an important, but extremely challenging endeavor. CS attempted this through its “buyUSA” initiative from FY00 through FY02 with very limited success.

14. Improve U.S. exporters' access to the business and finance opportunities available at the multilateral development banks, by improving information materials on these opportunities and expanding outreach by the Advocacy Center and CS representatives at the banks. This should include:
   a. Providing additional information on trade finance and consulting and other direct procurement opportunities at the banks and ensuring that CS’ bank websites and export.gov adequately describe or reference these opportunities;
   b. Coordinating with other TPCC trade finance agencies to help ensure that their clients are referred to multilateral development bank finance products, as appropriate, and are informed of the services provided by CS bank officers;
   c. Providing additional information on the banks to the state trade offices, in cooperation with USEACs;
   d. Coordinating the Advocacy Center’s outreach events for businesses with the local USEACs; and
   e. Ensuring that CS bank officers include basic information on all the banks when conducting information seminars for U.S. companies.
ITA Response:

Trade Finance

U.S. firms are interested in the full range of risk mitigation services offered by the MDB's private sector arms incorporating risk mitigation products. The Banks offer "risk mitigation" services such as insurance, project finance, trade facilitation programs, syndicated loans, equity finance, quasi-equity, debt and equity funds, structured finance, and local currency financing. The difference is that the MDBs use risk mitigation strategies and commercial diplomacy to support US companies seeking opportunities for MDB funded projects.

Risk mitigation is a process whereby many avenues of financial support are examined in order to limit the overall risk an organization undertakes when engaged as either consultant or supplier in an infrastructure project. While the strategies are wide ranging, generally companies are looking for protection against political risk within the project country, protection against financial insolvency by local partners, alleviation of currency exchange rate fluctuations, protection from corrupt business practices, etc. to name a few. Our MDB liaison offices utilize the products available at our respective banks, as well as partner commercial banks and other financial institutions to allay the risk faced by American business engaged in major projects overseas.

Outreach and Advocacy

We depend on multiplier organizations such as American Chambers of Commerce, U.S. State Trade offices, international trade groups, and government agencies to market our services. We work closely with our sister TPCC trade finance agencies such as Ex-Im Bank, OPIC, and SBA to help ensure that their clients are referred to MDB finance products and are fully informed of the full range of services offered by MDBs.

Recently the Advocacy Center held its third annual "Banking on Development Conference" in New Orleans that targeted U.S. companies looking for opportunities at the MDBs. The conference reached over 85 companies with a full day program that included presentations on: effective business strategies, MDB risk mitigation, MDB procurement, and MDB financing as a global tool. There was also a presentation by MDB Executive Directors that focused on the policies and private sector instruments of their respective Banks. This conference along with each MDB's annual meetings held in respective countries of operation furthers the efforts of the AC MDB Liaison offices to leverage the limited resources to reach their respective stakeholders.

A positive example of working with multipliers is the World Bank's Private Sector Liaison Office (PLSO) strategy. The Bank has been pursuing an effort to utilize the resources of the World Bank's external affairs budget to establish 'private sector liaison offices' in the United States. These offices, located in major city centers outside of Washington, D.C., would exist to help explain business opportunities to the U.S. private sector. The AC/World Bank Liaison office is playing a leading role in identifying and
vetting potential candidates, and the World Bank would make the final decisions on who would represent them. Hopefully over time there would be three to five PSLO offices in the United States that could take a great deal of client pressure off of their current workload. This frees up resources to pursue more strategic projects and policies at the Bank Group.

Training

To better communicate trade opportunities available at MDBs the Advocacy Center has arranged a three-day comprehensive training course for the MDB Senior Commercial officers, members of the Advocacy Center, and select commercial specialists from the Banks. This training is scheduled for early April and will include an agenda that cover risk mitigation tools, procurement for SMEs, financial instruments, and project funding for both public and private sectors. This will be the first time that a financial comprehensive training session has been held for the MDB and Advocacy Center employees by an international financial training organization. This will go a long way to help improve awareness of bank opportunities in order that the AC and MDB offices can better serve its stakeholders.

MDB Calling Program

Another example, the AC World Bank office recognized an opportunity to leverage the International Finance Corporation’s Global Trade Finance Program (GFTP) as part of the new risk mitigation strategy. The GFTP recently expanded its ceiling to $1 billion and comprises a global network of “issuing” (local in-country) banks providing financing to potential buyers of U.S. goods and services. The “sweet spot” in the GFTP for U.S. exporters and banks is where the U.S. Ex-Im Bank is “off-cover” and unwilling to assume certain risk. The opportunity: many U.S. exporters and banks are unaware of the IFC’s GFTP, as well as the European Bank for Reconstruction and Development’s (EBRD) Trade Facilitation Program (TFP) and Inter-American Development Bank’s (IDB) Trade Finance Facilitation Program (TFPP).

The objective of the Bank Calling Program is to call on the trade finance departments of large-, mid-, and small-sized U.S. banks – which are current active users of Ex-Im Bank’s loan guarantee programs – and enroll them as “confirming” banks in the GFTP and TFP. This service would allow the U.S. financial services industry to enter new markets, and just as importantly, allow U.S. exporters to reach buyers in new, frontier markets. The Bank Calling Program involves traveling to cities with the highest export/import related activity, and meeting with both banks and exporters to market the GFTP and TFP programs.

The Advocacy Center (AC) is working in tandem with the IDB to highlight its partnership with commercial banks, institutional investors, co-guarantors and other co-lenders to provide private sector companies with the financing needed to meet the region’s growing demand for infrastructure and enhanced financial markets capacity. The IDB is constantly seeking to develop new and better options for private financing tailored...
to the needs of clients investing in its member countries. Together, the Advocacy Center and IDB are hosting a series of informational sessions with the U.S. banking community to educate them of the risk mitigation options offered by the IDB. In January 2007, AC and IDB staff visited Miami to highlight the TFFP. Under the TFFP, the IDB issues guarantees to international banks to mitigate the risk from eligible Latin American and Caribbean banks in export and import contracts. The trip agenda included a breakfast presentation with the Florida International Bankers Association and individual meetings with top bank executives in the Miami community.

In terms of size, legacy and policy importance, the World Bank has a unique role in the MDB community. Its unique convening power helps place it at the center of new policies and reforms of crucial interest to the U.S. business community. At the governing board level, AC/World Bank is directly engaged in Bank procedures surrounding payment issues, on the demand for change in consulting guidelines, on the use of country systems in procurement, and on global governance and anti-corruption policies.

The EBRD on the other hand has a truly unique mandate both politically and economically in its countries of operation. The EBRD has a mandate to invest in a majority (or 60 percent) in the private sector. 80 percent of EBRD investments are in private sector projects. The EBRD is also the single largest investor in its 29 countries of operation and includes multi-national staff in all of its member countries. Each project must contribute to the transition of the country of operation from a centrally planned economy to an open market oriented economy and from authoritarian regimes to multi-party democracies. Each project goes through a quasi-independent evaluation before presentation and approval. The office of the Chief Economist at the EBRD evaluates the impact of each project and only those projects rated satisfactory or better can be brought forward to the Board.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the National Institute of Standards and Technology, ensure that the following action is taken:

15. Facilitate coordination between the Commercial Service and NIST on trade promotion issues by:
   a. Inviting local Manufacturing Extension Partnership (MEP) offices to participate in the district export councils, when practical; and
   b. Inviting MEP officials to participate in relevant meetings and working groups organized by the TPCC.

ITA Response:

The CS has had several informative and promising discussions with senior leaders of the MEP program. We agree that there are several areas where we could benefit clients through CS-MEP coordination and cooperation. We plan to continue these discussions.
We will bring these recommendations to the attention of MEP and seek to maximize all mutually beneficial linkages.

We recommend that the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service, in consultation with the Director of the Minority Business Development Agency, ensure that the following action is taken:

16. Facilitate coordination between CS and MBDA on trade promotion issues by:
   a. Inviting local MBDA offices to participate in the district export councils, when practical; and
   b. Inviting appropriate MBDA officials to participate in relevant meetings and working groups organized by the TPCC.

ITA Response:

We will extend an invitation to MBDA to attend the next TPCC marketing group meeting. MBDA is often invited to participate in CS and TPCC activities.

In the past, ITA and MBDA have successfully partnered on several U.S. minority business trade events and missions. ITA would be pleased to re-engage with MBDA to continue to serve the needs of U.S. minority businesses.

We recommend that the Under Secretary for International Trade and the Under Secretary for Economics and Statistics ensure that the following actions are taken:

17. Evaluate ways of improving coordination between ITA and StatUSA on the identification of trade leads to minimize duplication and improve the quality of the Department's trade lead efforts.

ITA Response:

The CS has already communicated with StatUSA regarding this recommendation and will be meeting with them in early April to explore renewed cooperation opportunities. Several years ago, ITA and StatUSA ceased active coordination due to ITA concerns that StatUSA was selling market research to non-U.S. firms in contrast to the CS which limited access to U.S. companies/citizens. We are open to a re-examination of this relationship.
MEMORANDUM FOR Jill Gross
Assistant Inspector General for Inspections and Program Evaluations

FROM: Cynthia A. Glassman
Under Secretary for Economic Affairs

SUBJECT: Inspector General Draft Audit: Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination Efforts

Thank you for the opportunity to review and provide comments to the subject draft audit report. We appreciate the work done by your staff. The draft report contains a number of recommendations, but only the last one (page 18) pertains to the Economic and Statistics Administration. Our comments are provided below.

We Recommend that the Under Secretary for International Trade and the Under Secretary for Economics and Statistics ensure that the following actions are taken:

Evaluate ways of improving coordination between ITA and STAT-USA on the identification of trade leads to minimize duplication and improve the quality of the Department’s trade lead efforts.

We were pleased to see that the report compliments STAT-USA’s work in collecting, organizing, and disseminating trade leads. STAT-USA has over 25 years of experience in aggregating and posting electronic information to assist American businesses, academics, and citizens in informed decision making. In 1994, Congress established the Economics and Statistics Administration Revolving Fund under which we were authorized to charge fees necessary to recover the full costs incurred in the production of electronically disseminated economic information. 15 U.S.C. §1527(a).

Within the past year, we have had some informal discussions with staff from the Director General’s office of the Commercial Service about consolidating and improving sources of information on trade leads. This recommendation serves to encourage us to continue in this activity with the goal of eliminating needless duplication and creating a “one-stop-shop” for government trade leads. Future coordination efforts with ITA will take into account the user communities that each agency best serves, and that a fee for the export.gov portal is not recommended. We will also be careful not to undermine STAT-USA’s revenue stream, as recommended in your report.
Finally, on pages 18 and 50, please revise "Under Secretary for Economics and Statistics" to read "Under Secretary for Economic Affairs." Also, throughout the report, "StatUSA" should be revised to read "STAT-USA.

cc: Kim White
   Associate Under Secretary for Management
   Economics and Statistics Administration
MEMORANDUM FOR Johnnie E. Frazier  
Inspector General  

Through: Robert C. Cresanti  
Under Secretary for Technology  

From: William Jeffrey  
Director  

Subject: NIST Response to Draft Inspection Report No. IPE-18322 Entitled  
"INTERNATIONAL TRADE ADMINISTRATION: Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination efforts"  

Thank you for providing me a copy of the draft inspection report entitled "Commerce Can Further Assist U.S. Exporters by Enhancing Its Trade Coordination efforts". NIST takes its responsibility to support the efforts of the International Trade Administration very seriously. The Manufacturing Extension Partnership (MEP) has begun addressing your recommendations through work with the District Export Council (DEC) and the Trade Promotion Coordinating Committee. This work includes providing additional services to organizations like the U.S. Export Assistance Center (USEAC) and the Baltimore DEC. An example of this is the cooperative development by MEP, the Baltimore DEC, and the USEAC, of a course named "Export Tech". This course assists companies in the development of action plans to market technology products overseas. NIST will continue to work with the Assistant Secretary for Trade Promotion and the Director General of the U.S. and Foreign Commercial Service to ensure that coordination between NIST and the Commercial Service is improved.  

Thank you for the opportunity to review and comment on the draft report. I look forward to receiving the final version. If you have any questions please contact Steve Willett on (301) 975-8707.
March 31, 2007

MEMORANDUM FOR: Jill Gross
Assistant Inspector general for Inspections and
Program Evaluations

FROM: Ronald J. Marin
Financial Management Officer

SUBJECT: DRAFT OIG Report
Commerce Can further Assist U.S. Exporters by Enhancing
Its trade Coordination Efforts (IPE-18322)

MBDA has reviewed the draft document and concurs with the recommendations. MBDA will attempt to coordinate with ITA on trade promotion issues by seeking to participate on district export councils and in meetings and working groups organized by the TPCC. MBDA welcomes export.gov to include links to its portal, including the Phoenix Opportunities database, as a means to further identify trade leads for exporters.

Thank you for providing MBDA with the opportunity to review the draft report. If you have any questions or wish to discuss further, please feel free to contact me on 202-482-1621 or rmarin@mbda.gov.