

# ITA Did Not Effectively Resolve Foreign Trade Barriers

FINAL REPORT NO. OIG-24-004-A

November 1, 2023



U.S. Department of Commerce  
Office of Inspector General  
Office of Audit and Evaluation



November 1, 2023

**MEMORANDUM FOR:** Marisa Lago  
Under Secretary of Commerce for International Trade  
International Trade Administration

A handwritten signature in black ink, appearing to read "Arthur L. Scott, Jr." with a stylized flourish at the end.

**FROM:** Arthur L. Scott, Jr.  
Assistant Inspector General for Audit and Evaluation

**SUBJECT:** *ITA Did Not Effectively Resolve Foreign Trade Barriers*  
Final Report No. OIG-24-004-A

Attached is our final report on our audit of the International Trade Administration's (ITA's) efforts to resolve foreign trade barriers. Our audit objective was to assess ITA's progress and actions to prevent, reduce, and remove foreign trade barriers.

Overall, we found that ITA did not effectively prevent, reduce, and remove foreign trade barriers to increase exports of U.S. goods and services and to ensure American businesses and workers have an equal opportunity to compete within foreign markets. Specifically, we found the following:

- I. ITA does not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses.
- II. ITA did not ensure the completeness and accuracy of data reported in Salesforce.
- III. ITA performance measures do not accurately report its efforts to assist U.S. companies in resolving trade barriers.

On July 19, 2023, ITA provided a response to our draft report. However, the response did not clearly state whether ITA concurred with the report recommendations. In response to our request, ITA provided a revised response on August 3, 2023. ITA's revised response is included within the final report in appendix D.

ITA commented on our methodology and the basis of our findings, and disagreed with four of the eight recommendations in the draft report, which we address in the Summary of Agency Response and OIG Comments section of the report. ITA concurred with four recommendations and described actions it has taken, or will take, to address them. We look forward to receiving ITA's action plan for implementing the four recommendations. We will follow the processes outlined in DAO 213-5 to reach resolution on the remaining recommendations.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This final report will be posted on our website pursuant to the Inspector General Act of 1978, as amended (5 U.S.C. §§ 404 & 420).

We appreciate the cooperation and courtesies extended to us by your staff during our audit. If you have any questions or concerns about this report, please contact me at (202) 577-9547 or Terry Storms, Division Director, at (202) 570-6903.

#### Attachment

cc: Adrienne Waite, Audit Liaison, ITA  
Mayank Bishnoi, Alternate Audit Liaison, ITA  
MaryAnn Mausser, Audit Liaison, Office of the Secretary  
Christiann Burek, Acting Deputy Chief of the Employment and Labor Law Division, OGC



# Report in Brief

November 1, 2023

## Background

The International Trade Administration's (ITA's), a bureau of the U.S. Department of Commerce (the Department), mission is to create prosperity by strengthening the international competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements. Preventing, reducing, or removing foreign trade barriers creates opportunities for U.S. companies to increase exports. ITA broadly defines a trade barrier as a foreign government policy, practice, or procedure that unfairly or unnecessarily restricts U.S. exports.

ITA is organized into three primary business units: Global Markets (GM), Enforcement and Compliance (E&C), and Industry and Analysis (I&A). All three ITA business units work with U.S. industries and businesses to resolve foreign trade barriers. GM addresses market access barriers. The majority of trade barriers reported during any given year are market access barriers.

ITA uses Salesforce; a commercial, off-the-shelf product; to track trade barrier casework and document the foreign trade barrier resolution process, from open to close. A foreign trade barrier case is considered closed when a decisive event occurs in the management of a case.

## Why We Did This Review

Our objective was to assess ITA's progress and actions to prevent, reduce, and remove foreign trade barriers. To address this objective, we assessed ITA's process for (1) identifying and resolving trade barriers; (2) receiving, recording, and monitoring foreign trade barriers reported by U.S. companies; and (3) selecting trade barrier cases for reporting to stakeholders.

## INTERNATIONAL TRADE ADMINISTRATION

### ITA Did Not Effectively Resolve Foreign Trade Barriers

OIG-24-004-A

## WHAT WE FOUND

We found that ITA did not effectively prevent, reduce, and remove foreign trade barriers to increase exports of U.S. goods and services and to ensure American businesses and workers have an equal opportunity to compete within foreign markets. Specifically,

- I. ITA does not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses.
- II. ITA did not ensure the completeness and accuracy of data reported in Salesforce.
- III. ITA performance measures do not accurately report its efforts to assist U.S. companies in resolving trade barriers.

## WHAT WE RECOMMEND

We recommend that the Under Secretary for International Trade

1. Develop criteria and guidance for prioritizing trade barrier cases and identifying which cases might be a higher priority than others, based on the Administration's and the Department's goals, to ensure case contributor resources are used for cases that would have the most impact on the U.S. economy.
2. Develop a strategy to manage and monitor foreign trade barrier cases that addresses the growing demand for ITA's assistance from U.S. businesses and achieves the Department's strategic goals for U.S. trade policy.
3. Develop and implement a comprehensive workforce plan to: (a) determine optimal staffing levels needed to manage trade barrier cases and to clear the current backlog of unresolved cases and (b) identify any potential staffing shortfalls or gaps.
4. Develop and publish policies and procedures that specify when a trade barrier case should be entered into Salesforce and that require management to provide oversight to ensure that cases are entered into Salesforce.
5. Require staff to consistently track and update case information in Salesforce to ensure that it is accurate and complete.
6. Develop and publish policies and procedures requiring supervisors to validate that sufficient evidence exists in Salesforce to warrant reporting as a Written Impact Narrative.
7. Establish objective performance measures to accurately assess and report ITA's progress in preventing, reducing, and removing foreign trade barriers.
8. Include a separate performance measure for reporting trade barriers that were prevented, reduced, and removed each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers.

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*Cover: Herbert C. Hoover Building main entrance at 14th Street Northwest in Washington, DC. Completed in 1932, the building is named after the former Secretary of Commerce and 31st President of the United States.*

# Background

The International Trade Administration's (ITA's), a bureau of the U.S. Department of Commerce (the Department), mission is to create prosperity by strengthening the international competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements. Preventing, reducing, or removing foreign trade barriers creates opportunities for U.S. companies to increase exports. ITA broadly defines a trade barrier as a foreign government policy, practice, or procedure that unfairly or unnecessarily restricts U.S. exports.<sup>1</sup> Addressing trade barriers benefits companies by (1) increasing access to consumers and markets, (2) creating jobs and/or increased pay for employees, and (3) reducing the risk of economic downturns. ITA serves as a major access point for U.S. businesses to report trade barriers for U.S. government action.

ITA is organized into three primary business units working to improve the global business environment and help U.S. businesses compete at home and abroad:

- **Global Markets (GM)**—GM assists and advocates for U.S. businesses in international markets to foster U.S. economic prosperity. GM does this by assisting U.S. businesses and partners in selling into international markets (export promotion), addressing barriers to accessing foreign markets (commercial diplomacy), winning foreign government procurements (advocacy), and attracting inward investment into the United States (investment promotion).
- **Enforcement and Compliance (E&C)**—The Office of Trade Agreements Negotiations and Compliance (TANC) within E&C represents the Department in bilateral, regional, and multilateral trade agreement negotiations. Once agreements are in effect, TANC is ITA's lead for seeking trading partner compliance with those commitments.
- **Industry and Analysis (I&A)**—provides expertise on international trade, investment, and export promotion across a range of industries and sectors.

All three ITA business units work with U.S. industries and businesses to resolve foreign trade barriers. GM addresses market access barriers, which occur when a U.S. company's export is being limited by a foreign government measure, outside of an already established trade agreement. The majority of trade barriers reported during any given year are market access barriers. TANC addresses trade barriers that occur when a foreign government limits U.S. exports because it does not comply with its trade agreement obligations to the United States. I&A plays a supporting role when addressing trade barriers, providing industry and technical expertise.

ITA uses a customer-relationship management software platform called Salesforce to track trade barrier casework and document the foreign trade barrier resolution process, from open

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<sup>1</sup>U.S. Department of Commerce ITA. *Resolve a Foreign Trade Barrier*. Available online at <https://www.trade.gov/trade-agreements-compliance> (accessed April 19, 2023).

to close. Salesforce is a commercial, off-the-shelf product that uses centralized data to manage customer relationships, allowing information to be shared and analyzed by teams in real time.

A foreign trade barrier case is considered closed when a decisive event occurs in the management of a case.<sup>2</sup> ITA's *Guidance on Trade Barrier Casework* states that case contributors<sup>3</sup> should create a trade barrier Written Impact Narrative (WIN) when a documented action or decision made by a foreign government body in a successfully closed case results in the prevention, reduction, or removal of a trade barrier.<sup>4</sup> ITA defines WINs as a written narrative describing an ITA-facilitated change in foreign policy or practice that has the effect of preventing, reducing, and removing a barrier to U.S. exports or operations in a foreign market.<sup>5</sup> ITA measures its performance for the trade barrier activity by determining the number of trade barrier WINs for each fiscal year.

In the Office of Inspector General's (OIG's) *FY 2022 Top Management and Performance Challenges Facing the Department of Commerce* report, we identified as a priority area "combating unfair trade practices by effectively resolving trade barriers and enforcing U.S. trade agreements" as a continuous challenge facing ITA.<sup>6</sup> President Biden's *2021 Trade Policy Agenda and 2020 Annual Report*<sup>7</sup> prioritizes opening markets and reducing trade barriers. Additionally, this policy aims to increase economic security for American families by combating unfair trade practices. The Secretary of Commerce has stated that the Department is committed to holding U.S. trading partners accountable when they violate U.S. laws and trade agreements. The Secretary's focus is on proactively identifying, monitoring, and resolving trade barriers to ensure American businesses and workers have an equal opportunity to compete within foreign markets. To address these priorities, we initiated this audit to assess ITA's progress and actions to prevent, reduce, and remove foreign trade barriers.

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<sup>2</sup> Such events include (1) a specific company problem has been resolved to the company's satisfaction (transactional issue resolved), (2) a major advancement has been made in resolving a trade policy problem facing U.S. exports (policy milestone reached), (3) the barrier is eliminated/removed (resolution), (4) case contributors decide that the foreign government will not take steps to resolve an issue (unable to resolve), and (5) anything else that changes the nature of the case that is outside of ITA's control.

<sup>3</sup> "Case contributor(s)" is the term ITA uses to identify anyone within ITA who is a part of a team who is working together to resolve a foreign trade barrier case.

<sup>4</sup> See U.S. Department of Commerce ITA, February 2018. *Guidance on Trade Barrier Casework*, 9.

<sup>5</sup> *Ibid.*

<sup>6</sup> Commerce OIG, *FY 2022 Top Management and Performance Challenges Facing the Department of Commerce*, 22.

<sup>7</sup> Office of the United States Trade Representative, March 2021. *2021 Trade Policy Agenda and 2020 Annual Report of the President of the United States on the Trade Agreements Program*. Available online at [online-pdf-2021-trade-policy-agenda-and-2020-annual-report.pdf](https://ustr.gov/sites/default/files/2021-03/2021-trade-policy-agenda-and-2020-annual-report.pdf) (agoa.info) (accessed August 23, 2023).

# Objective, Findings, and Recommendations

The objective of our audit was to assess ITA's progress and actions to prevent, reduce, and remove foreign trade barriers. To address this objective, we assessed ITA's process for (1) identifying and resolving trade barriers; (2) receiving, recording, and monitoring foreign trade barriers reported by U.S. companies; and (3) selecting trade barrier cases for reporting to stakeholders. See appendix A for a more detailed description of our scope and methodology.

We found that ITA did not effectively prevent, reduce, and remove foreign trade barriers to increase exports of U.S. goods and services and to ensure American businesses and workers have an equal opportunity to compete within foreign markets. Specifically, we found the following:

- I. ITA does not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses.
- II. ITA did not ensure the completeness and accuracy of data reported in Salesforce.
- III. ITA performance measures do not accurately report its efforts to assist U.S. companies in resolving trade barriers.

As a result, ITA is not effectively addressing the needs of U.S. businesses that require assistance in preventing, reducing, and removing foreign trade barriers.

## *I. ITA Does Not Strategically Manage Trade Barrier Cases to Ensure Resources Are Effectively Used to Meet the Needs of U.S. Businesses*

Although past and current administrations have prioritized opening foreign markets and reducing trade barriers, our review of ITA's management of trade barrier cases found that ITA is not adequately addressing the needs of U.S. companies. Specifically, ITA does not strategically manage cases to achieve the Administration's and the Department's strategic goals. We found that case contributors manage their cases by individual preference, meaning, they arbitrarily select what case they will work on that day without any clear link to how their daily activities contribute to achieving strategic goals and without guidance and direction from senior management. This approach does not ensure the proper use of case contributor resources because it does not ensure that resources are used for U.S. companies that may need them the most. ITA officials acknowledged that its current approach for managing foreign trade barrier cases does not include a prioritization methodology for preventing, reducing, and removing foreign trade barriers.

Additionally, ITA lacks criteria and guidance for prioritizing cases and identifying which cases might be a higher priority than others. Without sufficiently detailed guidance and criteria for consistently and systematically prioritizing cases, ITA is at increased risk of not identifying and focusing its efforts on its most critical trade barrier cases and thereby not taking the steps necessary to resolve them as soon as possible.

Furthermore, our analysis of ITA's trade barrier cases tracked in its Salesforce system identified a significant backlog of unresolved cases that has grown by 125 percent between



FY 2017 and FY 2021; some cases have been unresolved for 10 years (see tables 1 and 2 in appendix B). The low rate of successfully closed cases (see table 3 in appendix B) demonstrates that ITA is not keeping up with the growing demand for their assistance from U.S. businesses. ITA management needs to conduct a workforce study to determine its optimal staffing needs to manage trade barrier cases and to clear the current backlog of unresolved cases. Failure of ITA management to align activities and resources to resolve trade barrier cases effectively and efficiently may result in U.S. companies requesting ITA's assistance but not receiving it in a timely manner.

We view ITA's efforts to address foreign trade barriers as critical in helping U.S. businesses increase exports, but ITA's subjective process of selecting cases on which to work is a substantial weakness in removing trade barriers that impede exports of U.S. goods and services. Without prioritizing cases, ITA cannot be sure that it is aligning its resources to meet the needs of U.S. businesses and the Administration's goals. ITA needs to prioritize its resources by focusing on the cases that are considered the highest priority to be effective and to clear the backlog of unresolved cases.

## Recommendations

We recommend that the Under Secretary of Commerce for International Trade:

- I. Develop criteria and guidance for prioritizing trade barrier cases and identifying which cases might be a higher priority than others, based on the Administration's and the Department's goals, to ensure case contributor resources are used for cases that would have the most impact on the U.S. economy.
2. Develop a strategy to manage and monitor foreign trade barrier cases that addresses the growing demand for ITA's assistance from U.S. businesses and achieves the Department's strategic goals for U.S. trade policy.
3. Develop and implement a comprehensive workforce plan to: (a) determine optimal staffing levels needed to manage trade barrier cases and to clear the current backlog of unresolved cases and (b) identify any potential staffing shortfalls or gaps.

### *II. ITA Did Not Ensure the Completeness and Accuracy of Data Reported in Salesforce*

Overall, we found that ITA lacks an effective internal control environment for Salesforce data accuracy. We found that Salesforce does not accurately reflect the entire population of trade barrier cases and case documentation is inconsistently recorded. Specifically, we identified issues with the migration of data from a legacy system to Salesforce. In addition, new cases may not be recorded in Salesforce, and case contributors working in Salesforce do not consistently document their efforts to resolve trade barrier cases. As a result, an accurate understanding of the needs of U.S. businesses and ITA's efforts to address these needs may not be reflected in Salesforce.

In 2015, ITA migrated trade barrier cases from a legacy system to Salesforce; however, not all cases in the legacy system were migrated. This occurred, in part, because ITA allowed case contributors to use their own discretion as to which cases they transferred from the

legacy system. Although ITA staff stated that they conducted a reconciliation between the legacy system and Salesforce, they did not retain documentation supporting this reconciliation. ITA management acknowledged that any case in Salesforce dated FY 2015 or prior is not reliable. As a result, there is no assurance that Salesforce contains complete and accurate information.

In addition, ITA does not have a defined process to ensure all new cases received by ITA after the migration are recorded in Salesforce. For example, trade barrier inquiries can be received by ITA in various ways<sup>8</sup> but ITA does not have an established intake process for documenting inquiries that result in a trade barrier case, which should then be entered into Salesforce. Also, ITA does not have guidance that states when trade barrier cases should be entered into Salesforce or that requires management oversight to ensure that cases are entered into Salesforce. Without effective controls and oversight, management cannot ensure that all trade barrier inquiries are recorded in Salesforce, which reduces management's ability to know the complete number of trade barrier cases and ITA's efforts to address the U.S. company's concerns.

Finally, we found that case contributors are not consistently updating case information in Salesforce to reflect the actual progress and status of their efforts to resolve a foreign trade barrier. For example, our review of Salesforce documentation revealed that case statuses (that is, opened versus closed) were inaccurate. We identified 2,617 cases with an "open" status in Salesforce; however, ITA acknowledged that 173 cases (6.6 percent), with a date range from 1995 to 2015 that were migrated from its legacy system, had an incorrect status in Salesforce (see appendix B table 1).

In addition, we found that of a statistical sample of 83 WINs reported from FY 2017 to FY 2021, 24 (29 percent) cases did not include all supporting documentation describing case contributor's efforts to resolve the trade barrier. For example, we found one WIN in which ITA described conducting meetings and establishing a working group to develop feasibility studies and discuss partnership models with foreign companies in support of the client's objective. However, no documents supporting these actions were in the case file in Salesforce. Furthermore, 39 (47 percent) cases did not have supporting documentation to support that the trade barrier was resolved.

Despite the absence of sufficient documentation in Salesforce to support the resolution of the case, supervisors approved the case as a WIN that is reported to stakeholders. This occurred because ITA management stated they do not want employees to spend an inordinate amount of time performing administrative tasks in Salesforce, such as uploading documentation or changing case statuses, but to use that time engaging with clients. As a

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<sup>8</sup> Examples include: (1) A U.S. company may report a barrier by directly contacting the U.S. Export Assistance Center, which many small and mid-size businesses use to identify foreign markets and customers, (2) Companies with operations overseas might directly contact the U.S. Embassy or U.S. Foreign Commercial Service, or (3) A company may report a barrier through an online form via trade.gov, email, or telephone, which is forwarded to TANC management via TANC's intake officer. An ITA employee (that is, trade specialists, desk officers, commercial service officers, and locally engaged staff, or industry analyst) may identify a trade barrier during domestic trade seminars and/or webinars, roundtable discussions with government affairs representatives, daily research, or normal engagement with a U.S. client.

result, ITA management may not have a complete understanding of what actions are needed to resolve a trade barrier and confirm the actions resulted in the trade barrier being removed.

ITA's *Guidance on Trade Barrier Casework*<sup>9</sup> states that Salesforce is used to track trade barrier casework, documenting the issue as it progresses and case contributors' work towards a positive resolution. However, the guidance does not specify when a trade barrier case should be entered into Salesforce, nor does it require management to provide oversight to ensure that cases are entered into Salesforce. This weakness makes it difficult to track the actual number of trade barrier cases that should be reported in Salesforce.

Without complete and accurate data, ITA remains at risk of reporting unreliable and inconsistent information on its trade barrier activities. Accurate trade barrier case information can be used to monitor the resolution of trade barrier cases, address the backlog of unresolved cases, identify and report systemic issues to external stakeholders, and ensure that ITA meets the needs of U.S. businesses.

## Recommendations

We recommend that the Under Secretary of Commerce for International Trade:

4. Develop and publish policies and procedures that specify when a trade barrier case should be entered into Salesforce and that require management to provide oversight to ensure that cases are entered into Salesforce.
5. Require staff to consistently track and update case information in Salesforce to ensure that it is accurate and complete.
6. Develop and publish policies and procedures requiring supervisors to validate that sufficient evidence exists in Salesforce to warrant reporting as a WIN.

### *III. ITA Performance Measures Do Not Accurately Report Its Efforts to Assist U.S. Companies in Resolving Trade Barriers*

Our review of the Department's annual performance reports and strategic plans show ITA is not accurately measuring and reporting the needs of U.S. companies, as reflected in the number of trade barrier cases reported each fiscal year and the number of cases successfully closed. Specifically, we found that trade barriers are not reported as a separate performance measure and WINs reported do not accurately reflect the status of ITA's efforts. As a result, stakeholders, such as Congress and the Department, do not have an accurate reporting of the needs of U.S. companies, which can hinder proper decision-making that could help ITA make changes to improve its ability to effectively prevent, reduce, and remove foreign trade barriers.

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<sup>9</sup> *Guidance on Trade Barrier Casework*, 2.

This condition occurred because ITA's goal and measure for assisting U.S. companies to resolve foreign trade barriers does not fully align with leading practices. According to leading practices identified by the Government Accountability Office (GAO),<sup>10</sup>

effective organizations establish performance goals and measures to help assess and manage program performance. First, organizations set goals that clearly define intended program outcomes. Second, organizations should establish measures, which are concrete, observable conditions that clearly link with the goals and allow organizations to assess, track, and show the progress made toward achieving the goals.

In comparing ITA's trade barrier performance goals and measures to leading practices, we found that they did not fully align with these practices. For example, ITA's performance goal and measure lack specificity and clearly defined targets, raising questions about how effective the goal and measure will help ITA gauge the activity's achievements and identify improvements in assisting U.S. companies to resolve foreign trade barriers. *The U.S. Department of Commerce Strategic Plan 2022-2026*<sup>11</sup> established the following strategic goal, a strategic objective and one performance measure related to trade barriers<sup>12</sup>:

- **Strategic Goal.** Drive U.S. innovation and global competitiveness
- **Strategic Objective.** Increase international cooperation and commerce.
- **Performance Measure.** Number of commercial diplomacy and advocacy WINS.

As noted above, according to leading practices, effective organizations set program goals and performance measures. However, for performance goals and measures to be useful in performance management, the practices indicate that they should reflect key attributes as identified by GAO (see table 4 in appendix C). ITA's current goal and measure do not fully align with these attributes. For example,

- **Measurability and Clarity.** ITA's one goal and its corresponding measure are not expressed in a quantifiable manner, and the measure lacks clarity. According to GAO's definition of the attributes for measurable and quantifiable, it should include a quantifiable, numerical target or other value and indicate specifically what should be observed, in which population or conditions, and what time frames. However, in the Department's 2022-2026 Strategic Plan, neither the goal nor measure were defined as a numerical target specifically for trade barriers.

Further, the measure's lack of specificity also means it lacks clarity. According to the attribute for clarity, the measure should be clearly stated. We found that the performance measure does not clearly define whether trade barriers are included as part of the measurement. For example, ITA stopped reporting trade barrier WINS

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<sup>10</sup> U.S. Government Accountability Office, January 2023. GAO-23-105399. *FCC Could Improve Performance Goals and Measures, Consumer Outreach, and Fraud Risk Management*. Washington, DC: GAO, 11.

<sup>11</sup> U.S. Department of Commerce. *U.S. Department of Commerce Strategic Plan 2022-2026*. Washington, DC: DOC. Available online at U.S. Department of Commerce 2022 – 2026 Strategic Plan (accessed August 23, 2023).

<sup>12</sup> There were six other strategic objectives and related performance measures for this strategic goal.

separately<sup>13</sup> and combined trade barrier efforts with other commercial diplomacy activities, without identifying trade barriers as part of those activities. As a result, this reduced stakeholders' ability to assess ITA's progress in resolving foreign trade barriers impacting U.S. companies.

- **Objectivity and Reliability.** According to leading practices, performance measures should be reasonably free of significant bias or manipulation that would distort the assessment of performance and do not allow subjective considerations to dominate. Additionally, the performance measure should provide a reliable way to assess progress and produce the same result under similar conditions. However, we found ITA's use of the WIN performance measure lacks objectivity and reliability because it is based on the case contributors' subjective judgment in their selection of reporting WINs. For instance, ITA selects the most compelling action and decision stories to report to Congress and the public. This approach focuses on selected achievements during the life of trade barrier case rather than on actual prevention, reduction, and removal of foreign trade barrier cases; therefore, success is claimed for cases that are not fully resolved.

For example, a U.S. company needed ITA's assistance to relay concerns to a foreign government about proposed regulations that, if put into effect, would potentially cut the company's revenue by 50 percent. ITA officials encouraged the foreign government to work with the U.S. company to consider other options instead of publishing the proposed regulations. Because of ITA's efforts, the foreign government decided to delay publishing the final regulations by 5 months and use this time to arrange additional meetings with the U.S. company to discuss other options. ITA considered the delay of the proposed regulations as a milestone; however, the barrier of the proposed regulation is still an open issue and not fully resolved.

- We also found that WINs do not accurately report the U.S. companies' level of need and ITA's ability to successfully address this need (see tables 2 and 3 in appendix B). Specifically, this performance measure does not include the number of U.S. companies contacting ITA for assistance; the number of cases that are closed, successfully and otherwise;<sup>14</sup> and the level of effort required to successfully close cases. The time it takes to resolve a case varies; it can take months or years to

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<sup>13</sup> In its 2018-2022 Strategic plan, the Department reported trade barriers as a separate performance indicator and during FY 2018 and FY 2019, as an Agency Priority Goal. Although this facilitated identifying ITA-designated trade barrier successes, it did not accurately reflect the needs of U.S. companies or the operation of the trade barrier activity.

<sup>14</sup> Foreign trade barrier cases can be successfully closed if a milestone is achieved that advances the issue, if the issue is resolved by a foreign government body's action or decision, or if a company's transactional problem is resolved. Cases can be closed as "unable to resolve" if the case contributors decide that the foreign government will not take steps to resolve an issue. Cases can be closed "administratively" if the client decides to no longer pursue the issue.

successfully close a case. We found that, on average, WINs are closed in 364 days.<sup>15</sup> None of this is being reported to stakeholders.

As a result, ITA performance measures do not accurately capture ITA's efforts in assisting U.S. companies to resolve foreign trade barriers, and the reporting of this information to Congress and the public is misleading and inaccurate.

According to ITA representatives, ITA uses WINs as a performance measurement because it is focused on the quality of its interventions rather than the quantity. Using quality instead of quantity as a measurement is misleading because it includes trade barriers that are not fully resolved and cases that are still ongoing without a definitive end date. Additionally, this performance measure does not accurately illustrate how ITA actions are helping U.S. companies to compete for opportunities globally. Specifically, the measure does not reflect the overall operation of the trade barrier activity, such as how many cases are opened and closed per fiscal year, how many are successfully closed, how long cases remain open, and the reduction of the backlog of all open trade barrier cases.

Without performance measures that accurately reflect ITA's efforts in preventing, reducing, removing foreign trade barriers, ITA cannot determine the true success of the trade barrier activity. Additionally, the trade barrier performance measure should be reported as a separate measure each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers. This type of reporting will enable ITA to track the true value of the trade barrier activity and to adjust its performance goals each year based on these measures.

## Recommendations

We recommend that the Under Secretary of Commerce for International Trade:

7. Establish objective performance measures to accurately assess and report ITA's progress in preventing, reducing, and removing foreign trade barriers.
8. Include a separate performance measure for reporting trade barriers that were prevented, reduced, and removed each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers.

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<sup>15</sup> Applicable to cases that were successfully closed between FY 2017 and FY 2021, as identified in Salesforce. This includes cases that were reported as WINs, as well as cases that were not reported as WINs, even though they were considered successfully closed.

# Summary of Agency Response and OIG Comments

On July 19, 2023, we received ITA's response to our draft report. However, the response did not clearly state whether ITA concurred with the report recommendations. In response to our request, ITA provided a revised response on August 3, 2023. ITA's revised response is included in appendix D.

ITA commented on our methodology and the basis of our findings and did not concur with four of the eight recommendations in the draft report, which we address in this summary. ITA concurred with four recommendations and described actions it has taken, or will take, to address them. We look forward to receiving ITA's action plan for implementing the four recommendations. We are pleased that ITA recognizes the significance of our findings and recommendations. We will follow the processes outlined in DAO 213-5 to reach resolution on the remaining recommendations.

ITA also provided an executive summary. However, the executive summary included statements that were inaccurate and misleading. To provide clarity and perspective, we have responded to ITA's comments below even though its comments do not change our conclusions and recommendations. ITA expressed the following concerns about the audit report:

- The report draws an inaccurate conclusion regarding ITA's effectiveness in resolving trade barriers and fulfilling the needs of U.S. exporters. The report failed to acknowledge that ITA had
  - demonstrated its ability to effectively address foreign trade barriers, exhibiting a remarkable success rate in reducing, removing, and preventing over 690 such barriers on behalf of U.S. businesses and
  - been exceeding its metrics for the past several years.
- The audit focused on a narrow set of record-keeping functions and system processes, rather than a fully detailed account of ITA's work related to reducing trade barriers.

First, we do not agree the audit report draws an inaccurate conclusion regarding ITA's effectiveness in resolving trade barriers and fulfilling the needs of U.S. exporters. As discussed in our report, ITA did not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses. ITA did not prioritize its resources by focusing on the cases that are considered the highest priority and/or on U.S. companies that may need them the most. We found that case contributors manage their cases by individual preference, meaning they arbitrarily select what case they will work on that day without any clear link to how their daily activities contribute to achieving strategic goals and without guidance and direction from senior management. ITA officials also acknowledged that its current approach for managing foreign trade barrier cases does not include a prioritization methodology and that they lacked criteria and guidance for prioritizing cases and identifying which cases might be a higher priority than others. We believe these concerns from ITA personnel lend additional credibility to our finding.

Also, we disagree that ITA had effectively demonstrated its ability in addressing foreign trade barriers by preventing, reducing, or removing more than 690 barriers and reported these outcomes as Written Impact Narratives (WINS). As a result of our audit, the reporting of more than 690 trade barriers prevented, reduced, or removed is questionable. As noted in our report, case contributors are not consistently updating case information in Salesforce to reflect the actual progress and status of their efforts to resolve a foreign trade barrier. We selected a statistical sample of 83 WINS out of the WIN Universe of 691 for FY 2017 through FY 2021 and found that 24 (29 percent) cases did not include all supporting documentation describing case contributor's efforts to resolve the trade barrier. For example, we found one WIN in which ITA described conducting meetings and establishing a working group to develop feasibility studies and discuss partnership models with foreign companies in support of the client's objective. However, no documents supporting these actions were in the case file in Salesforce. Furthermore, 39 (47 percent) of the 83 sample WINS did not have documentation to support that the trade barrier was resolved. Also, ITA is claiming success for cases that are not fully resolved. ITA's approach focuses on selected achievements during the life of a trade barrier case rather than on the actual resolution of a foreign trade barrier; thereby claiming success for cases that are not yet resolved.

Lastly, we disagree that the audit focused on a narrow set of record-keeping functions and system processes. Our audit focused on all aspects of the trade barrier activity, from receipt of a case until resolution and reporting, between FY 2017 through FY 2021. We analyzed only those areas and responsibilities within ITA's purview, specifically, identifying and resolving trade barrier cases; receiving, recording, and monitoring trade barrier cases; and reporting trade barrier activities to stakeholders.

## **ITA's Comments on the Findings**

### ***1. ITA does not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses.***

#### **ITA's Comments on the Strategic Management of Foreign Trade Barrier Cases.**

ITA stated that the Department's strategic priorities are continuously and clearly communicated to ITA's workforce by ITA's leadership to enable management to align their resources and focus their team's efforts on achieving the Department's strategic goals. ITA explained that staff's work in addressing trade barriers undergoes rigorous scrutiny during performance reviews, actively holding each individual accountable. ITA stated inclusion of this information would have revealed meaningful supervision of ITA staff's trade barrier work and the alignment of resources to focus their team's efforts on achieving the Department's strategic goals. ITA acknowledges that more can be done to strategically manage resources for trade barrier work and that the recommendations in the audit report provide guidelines for prioritizing trade barrier cases across the Department and for developing a workforce plan to determine optimal staffing needs.

**OIG's Response.** OIG does not agree that ITA's supervision of staff's trade barrier work ensures alignment with the Department's strategic goals. As noted in our report, we found that multiple case contributors and supervisors manage trade barrier cases by their individual preference. Additionally, ITA officials, including senior leaders, acknowledged that its current approach for managing foreign trade barrier cases does not include a



prioritization methodology for preventing, reducing, and removing foreign trade barriers. As a result, trade barrier cases were managed and addressed without a clear link to how the daily activities of case contributors and supervisors aligned with achieving trade barrier strategic goals. ITA acknowledged in its response that more needs to be done to strategically manage resources for trade barrier work by establishing and providing guidance for prioritizing trade barrier cases across the Department.

**ITA's Comments on the Backlog of Unresolved Trade Barrier Cases.** ITA expressed concern that the report's conclusion that a backlog of unresolved trade barrier cases harms U.S. business interests. ITA emphasized that trade barrier resolution is dependent on the foreign government's timeline and cooperation, which can take a significant amount of time. ITA stated that it provides guidance to staff on how to administratively close cases that have not been actively worked on for an extended amount of time because the foreign government will not take action to address the trade barrier. ITA also stated that it intends to provide additional training to staff on how to recognize when a case should be administratively closed.

**OIG's Response.** OIG disagrees with ITA's inference that a backlog of cases is driven by the foreign government not taking action to address the trade barrier that ITA has identified. Our review of Salesforce information found this conclusion is not consistently supported. As discussed in our report, we found that case contributors are not consistently updating case information in Salesforce to reflect the actual progress and status of their efforts to resolve a foreign trade barrier. Failure of ITA to maintain updated records in Salesforce reduces management's ability to ascertain the cause of what is driving the backlog of unresolved cases and whether these cases should be administratively closed because of no action by the foreign government. Therefore, ITA's assertion that the inaction of the foreign government caused the backlog may not be accurate.

We also disagree with ITA's assertion that the lengthy time to resolve a trade barrier is necessarily a routine reason to administratively close a case. It may be premature to close a case because contributors are not consistently updating case information. Of the 2,617 cases we identified with an "open" status in Salesforce; ITA acknowledged that 173 cases (6.6 percent) with a date range from 1995 to 2015 that were migrated from its legacy system, had an incorrect status in Salesforce. The low rate of closed cases demonstrates that ITA is not keeping up with the growing demand for its assistance from U.S. businesses, which impedes exports of U.S. goods and services. As noted in our report, the number of unresolved cases has increased by 125 percent between FY 2017 and FY 2021. ITA needs to conduct a workforce study to determine its optimal staffing needs to address the current backlog of unresolved cases.

### ***III. ITA performance measures do not accurately report its efforts to assist U.S. companies in resolving trade barriers.***

**ITA's Comments on Performance Measurement.** ITA responded that the report would benefit from a fuller explanation of ITA's approach to performance measurement. ITA explained that it uses the WIN performance metrics to track achievements made throughout the year, including preventing, reducing, and removing trade barriers. Also, ITA stated that staff are directed to report the "most compelling" outcomes achieved as WINS,

which does not result in significant bias or manipulation. ITA also stated that it only takes credit for those successes when it has played a demonstrably meaningful role and undercounts its successes rather than inadvertently inflating its contribution. Lastly, ITA stated that the report did not acknowledge ITA's performance management framework, management's multiple levels of approval, and the difficulty measuring foreign trade barrier resolutions.

**OIG's Response.** OIG's report provides a very clear picture and detailed explanation of ITA's approach to performance measurement. As discussed in our report, our review of the Department's annual performance reports and strategic plans show ITA is not accurately measuring and reporting the needs of U.S. companies, as reflected in the number of trade barrier cases reported each fiscal year and the number of cases successfully closed. Specifically, we found that trade barriers are not reported as a separate performance measure and WINs reported do not accurately reflect the status of ITA's efforts. We found that ITA's use of the WIN performance measure lacks objectivity and reliability because it is based on the case contributors' subjective judgment in their selection of reporting WINs. For instance, ITA selects the most compelling action and decision stories to report to Congress and the public. This approach focuses on selected achievements during the life of trade barrier case rather than on actual prevention, reduction, and removal of foreign trade barrier cases; therefore, success is claimed for cases that are not fully resolved. As a result, stakeholders, such as Congress and the Department, do not have an accurate reporting of the needs of U.S. companies, which can hinder proper decision-making that could help ITA make changes to improve its ability to effectively prevent, reduce, and remove foreign trade barriers.

## **Recommendations, ITA's Comments, and OIG's Response**

ITA did not concur with four of the eight recommendations in the draft report.

**Recommendation I: Develop criteria and guidance for prioritizing trade barrier cases and identifying which cases might be a higher priority than others, based on the Administration's and the Department's goals, to ensure case contributor resources are used for cases that would have the most impact on the U.S. economy.**

**ITA's Comments.** ITA did not concur with Recommendation I and stated that it already prioritizes trade barrier cases and other responsibilities as established by Senior Commercial officers with input from headquarters experts in GM and E&C. ITA further stated that setting priorities at the market level best harnesses the knowledge of those most connected to the local challenges faced by U.S. businesses and allows for timely and informed adjustment of priorities to reflect changing circumstances on the ground. Through headquarters input, ITA stated it ensures consistent advancement of the Administration's and Department's goals as reflected in the Department's Strategic Plan.

**OIG's Response.** ITA's comments are nonresponsive to our recommendation. However, ITA acknowledged in its response that more needs to be done to strategically manage resources for trade barrier work by establishing and providing guidance for prioritizing trade barrier cases across the Department. As discussed in the report, ITA

lacks criteria and guidance for prioritizing cases at the case contributor level and identifying which cases might be a higher priority than others. Without sufficiently detailed guidance and criteria for consistently and systematically prioritizing cases, ITA is at increased risk of not identifying and focusing its efforts on its most critical trade barrier cases and thereby not taking the steps necessary to resolve them as soon as possible.

**Recommendation 2: Develop a strategy to manage and monitor foreign trade barrier cases that addresses the growing demand for ITA's assistance from U.S. businesses and achieves the Department's strategic goals for U.S. trade policy.**

**ITA's Comments.** ITA did not concur with Recommendation 2 and stated that its current strategy relies on the Department's Strategic Plan to carry out the economic and commercial priorities of the Administration.

**OIG's Response.** ITA's comments are nonresponsive to our recommendation. As discussed in our report, our review of ITA's management of trade barrier cases found that ITA is not adequately addressing the needs of U.S. companies. Specifically, ITA does not strategically manage cases to achieve the Administration's and the Department's strategic goals. We found that case contributors manage their cases by individual preference, meaning they arbitrarily select what case they will work on that day without any clear link to how their daily activities contribute to achieving strategic goals and without guidance and direction from senior management. As a result, the number of unresolved cases has increased by 125 percent between FY 2017 and FY 2021, and some cases have been unresolved for 10 years. The low rate of closed cases demonstrates that ITA's current strategy for managing and monitoring trade barrier cases is not keeping up with the growing demand for its assistance from U.S. businesses.

**Recommendation 7: Establish objective performance measures to accurately assess and report ITA's progress in preventing, reducing, and removing foreign trade barriers.**

**ITA's Comments.** ITA did not concur with Recommendation 7 and stated that implementation of this recommendation would conflict with the Department's Strategic Plan. ITA stated that Salesforce captures trade barrier WINS and ITA's workforce is trained to that standard. ITA explained that trade barrier WINS are a component of ITA's "Commercial Diplomacy and Advocacy WINS" Key Performance Indicator in the Department's Strategic Plan. ITA stated that it will continue to review its performance measures and reflect any changes in its Strategic Plan and Annual Performance Goals.

**OIG's Response.** ITA's comments are nonresponsive to our recommendation. Also, ITA did not explain why implementation of this recommendation would conflict with the Department's Strategic Plan. As discussed in our report, ITA's reporting does not accurately portray its efforts in assisting U.S. companies to export goods and services. Specifically, the measure does not reflect the overall operation of the trade barrier activity, such as how many cases are opened and closed per fiscal year, how many are successfully closed, how long cases remain open, and the reduction of the backlog of all open trade barrier cases. Also, the performance measure ITA uses has no metric or

baseline associated with it. Quantifiable measures and baseline data can help to assess an agency's performance more fully because the data shows progress over time, and decision makers can use historical data to assess performance. Implementation of the recommendation will help inform stakeholders of the needs of U.S. businesses and how many of the cases received were resolved.

**Recommendation 8: Include a separate performance measure for reporting trade barriers that were prevented, reduced, and removed each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers.**

**ITA's Comments.** ITA did not concur with Recommendation 8 and stated that the Department's Strategic Plan includes the current key performance indicator "Commercial Diplomacy and Advocacy WINS." ITA stated that this metric includes trade barriers prevented, reduced, and removed, and is shared with stakeholders. ITA stated that creating a separate key performance indicator would conflict with the Department's Strategic Plan.

**OIG's Response.** ITA's comments are nonresponsive to our recommendation. Also, ITA did not explain why creating a separate key performance indicator would conflict with the Department's Strategic Plan. As discussed in our report, the trade barrier performance measure should be reported as a separate measure each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers. This type of reporting will enable ITA to track the true value of the trade barrier activity and to adjust its performance goals each year based on these measures.

## Appendix A: Objective, Scope, and Methodology

Our audit objective was to assess the progress and actions taken by the International Trade Administration (ITA) to prevent, reduce, and remove foreign trade barriers. To accomplish our objective, we

- interviewed personnel from ITA's three business units (Global Markets, Enforcement and Compliance, and Industry and Analysis) to discuss ITA's overall process for preventing, reducing, and removing a foreign trade barrier including:
  - various methods used by ITA and U.S. companies to identify or report a foreign trade barrier;
  - ITA actions to prevent, reduce, and remove foreign trade barriers;
  - tracking, monitoring, and supervisory management methods used throughout the process from identification to resolution;
  - criteria used in determining if a foreign trade barrier was prevented, reduced, or removed;
  - how performance measures were captured and reported for FY 2017 through FY 2021 for the prevention, reduction, or removal of foreign trade barriers; and
- used Salesforce to:
  - obtain the Written Impact Narrative (WIN) Universe of 691 for FY 2017 through FY 2021 and selected a sample of 83 WINs to determine if the actions taken by ITA during these fiscal years prevented, reduced, or removed foreign trade barriers;
  - review 104 related cases to WINs to determine if cases support the WINs and if case statuses appear accurate; and
  - determine the universe of the most current open cases and all closed cases for FY 2017 through FY 2021.

We gained an understanding of internal control processes significant within the context of the audit objective by interviewing ITA personnel and reviewing documentation for evidence of internal control procedures. We identified weaknesses in the controls related to lack of oversight when entering cases into Salesforce and conducting supervisory reviews during case progression. We reported the internal control weaknesses in the Objectives, Findings, and Recommendations section of this report. Although we identified and reported on internal control deficiencies, our audit found no incidents of fraud, waste, or abuse.

In satisfying our objective, we reviewed computer-processed data provided by ITA from Salesforce. We were granted direct access to Salesforce to obtain information to accomplish the objective. We were able to identify the reported WINs in Salesforce and obtain available supporting documents to determine data consistency and reasonableness, when available. Based

on these efforts, we believe the information we obtained for the WINs is sufficiently reliable for this report. However, based on the conditions noted in the report related to open and closed cases, we were not able to determine the most current open case universe and cases closed for FY 2017 through 2021, so further analysis was not conducted.

We conducted this performance audit from August 2021 through April 2023 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401-424), and Department Organization Order 10-13, October 21, 2020. We performed our fieldwork remotely.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on its audit objectives.

## Appendix B: Trade Barrier Case Numbers

**Table 1. Age of Open Trade Barrier Cases**

Fiscal Year Case(s) Created	Number of Cases Open as of 09/30/2021
1995-2015	173
2016	118
2017	457
2018	437
2019	427
2020	586
2021	419
<b>Total</b>	<b>2,617</b>

Source: OIG analysis, using ITA reports from Salesforce records management systems, dated February 22, 2022

**Table 2. Ending Balance of Unresolved Trade Barrier Cases Per Fiscal Year**

Fiscal Year End	2017	2018	2019	2020	2021
Beginning Balance of Open Cases	594	1,161	1,667	1,986	2,437
Plus Cases Opened	722	732	583	785	530
Less Cases Closed	155	226	264	334	350
Ending Balance of Open Cases Not Resolved	1,161	1,667	1,986	2,437	2,617

Source: OIG analysis, using ITA reports from Salesforce records management system, dated February 22, 2022

**Table 3. Closed Cases Per Fiscal Year**

<b>Fiscal Year</b>	<b>Successfully Closed</b>	<b>Administratively Closed</b>	<b>Unable to Resolve</b>	<b>Total Cases Closed</b>	<b>% of Successfully Closed Cases to Open Case Balance in Table 2</b>
2017	131	22	2	155	11%
2018	152	66	8	226	9%
2019	157	105	2	264	8%
2020	180	147	7	334	7%
2021	268	75	7	350	10%
<b>Total</b>	<b>888</b>	<b>415</b>	<b>26</b>	<b>1,329</b>	<b>N/A</b>

Source: OIG analysis, using ITA reports from Salesforce records management system, dated February 22, 2022



# Appendix C: Effective Performance Goals and Measures

**Table 4. Key Attributes and Definitions**

Key Attributes	Definitions
Objective	Goals and measures are reasonably free of significant bias or manipulation that would distort the assessment of performance and do not allow subjective considerations to dominate.
Measurable and quantifiable	Goals and measures include a quantifiable, numerical target or other value and indicate specifically what should be observed, in which population or conditions, and in what time frames.
Primary Function	Goals and measures reflect the program's primary function and core activities.
Linkage	Goals and measures reflect the agency's strategic goals.
Results-oriented	Goals focus on the results the program expects to achieve. Outcome goals are included whenever possible; output goals can supplement outcome goals. Outputs are the services delivered by a program; outcomes are the results of those services.
Crosscutting	Goals reflect the crosscutting nature of programs, when applicable. Goals of programs contributing to the same or similar outcomes are complementary to permit comparisons of results and identification of wasteful duplication, overlap, or fragmentation.
Clarity	Measure is clearly stated.
Reliability	Measure provides a reliable way to assess progress and produces the same result under similar conditions.
Limited overlap	Measure gives new information beyond that provided by other measures.
Balance	The suite of measures covers an organization's various priorities.
Government-wide priorities	Each measure covers a priority such as quality, timeliness, efficiency, outcomes, or cost of service.

Source: OIG-generated from Government Accountability Office, January 2023. GAO-23-105399. *FCC Could Improve Performance Goals and Measures, Consumer Outreach, and Fraud Risk Management*

# Appendix D: Agency Response



UNITED STATES DEPARTMENT OF COMMERCE  
**International Trade Administration**  
 Washington, DC 20230

MEMORANDUM FOR: ARTHUR L. SCOTT JR.  
 Assistant Inspector General for Audit and Evaluation

FROM: MARISA LAGO *Marisa Lago*  
 Under Secretary of Commerce for International Trade  
 International Trade Administration

SUBJECT: Response to Draft Report:  
*ITA Did Not Effectively Resolve Foreign Trade Barriers*

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## EXECUTIVE SUMMARY

The International Trade Administration (ITA) respectfully acknowledges the Office of Inspector General's (OIG) recognition of the pivotal role played by the resolution of foreign trade barriers in fostering opportunities for U.S. businesses to augment their exports and ensuring a level playing field for American exporters in foreign markets. ITA has a strong public record and plethora of provided evidence and company testimonials regarding ITA's critical role in resolving foreign trade barriers and is committed to continuous improvements to advance U.S. export competitiveness, including in accordance with the OIG's recommendations aimed at enhancing the management, measurement, and reporting of trade barrier initiatives. However, the OIG's title of the report that "ITA did not effectively resolve foreign trade barriers" is a mischaracterization of an investigation that focused on a narrow set of ITA record-keeping functions and system processes, rather than a fully detailed account of ITA's work related to reducing trade barriers. The report also failed to acknowledge that the work of reducing all trade barriers depends on a range of factors outside of U.S. government control, namely the policy choices and politics of foreign governments.

ITA emphasizes that the OIG spent multiple years primarily focusing on an examination of ITA's record-keeping functions and system processes as it relates to ITA's trade barriers work. The record-keeping functions and system processes scrutinized by the OIG represent one facet within the broader scope of ITA's comprehensive trade barrier work. While the OIG's audit primarily focused on evaluating these specific administrative aspects, it is essential to recognize that they do not encompass the entirety of ITA's initiatives in managing trade barriers.

When reviewed against the complete information of this audit, the performance metric data reported by the International Trade Administration (ITA) to the Department of Commerce (DOC) and the Office of Management & Budget (OMB) remain largely intact and reveal a commendable track record of accomplishment. Notably, during the period examined by OIG, a period marked by the COVID-19 pandemic, ITA demonstrated its ability to effectively address foreign trade barriers, exhibiting a remarkable success rate in reducing, removing, or preventing over 690 such barriers. These efforts have

yielded substantial benefits, as they have resulted in an approximate value of more than \$63 billion in U.S. export value and the support of over 306,000 American jobs. It is unfortunate, therefore, that the OIG's report failed to acknowledge these significant substantive achievements on behalf of U.S. businesses or the fact that ITA has been exceeding its metrics for the past several years.

Furthermore, among the information ITA provided that the OIG's report appears to overlook is an extensive body of evidence, consisting of numerous testimonials from American businesses and industry associations, attesting to the efficacy of ITA's reported results. These testimonials not only validate the tangible impact of ITA's interventions but also express gratitude to ITA and its interagency collaborators for their effective assistance. The OIG's failure to consider this information has further contributed to an inaccurate conclusion regarding ITA's effectiveness in resolving trade barriers and fulfilling the needs of U.S. exporters.

Despite these concerns with OIG's report, ITA recognizes that benefits can be derived from implementing the OIG's recommendations in some specific areas. By incorporating these recommendations into its existing framework, ITA demonstrates a proactive approach to continuous improvement, ensuring that its efforts to combat trade barriers remain both efficient and effective.

## **RESPONSE TO FINDINGS**

- I. *ITA does not strategically manage trade barrier cases to ensure resources are effectively used to meet the needs of U.S. businesses.*

**ITA's Response:** ITA agrees with the OIG's view that ITA's efforts to address foreign trade barriers are "critical in helping U.S. businesses to increase exports." ITA also recognizes the importance of strategically managing its trade barrier cases to ensure that its resources are effectively used to meet the needs of U.S. businesses. It is therefore unfortunate that OIG did not appear to incorporate the complete information that ITA provided on this point in its report, which would have revealed meaningful supervision of ITA staff's trade barrier work. As was detailed to the OIG, the Department of Commerce's (DoC) strategic priorities, which are closely tied to the needs of U.S. businesses, are continuously and clearly communicated to ITA's workforce by ITA's leadership to enable management to align their resources and focus their team's efforts on achieving the DoC's strategic goals<sup>1</sup>. For example, as detailed in ITA's submissions to the OIG, ITA's regional and country teams produce Annual Strategic Plans to align to the DoC's goals/objectives by setting trade-barrier-related performance metric targets, prioritizing the most critical trade barriers affecting U.S. industry in their region/country, and identifying the actions to be taken to address and resolve them. ITA staff's work in addressing trade barriers undergoes rigorous scrutiny during each team member's annual performance evaluation, ensuring compliance with established metrics. This evaluation process goes beyond metric identification, actively holding each individual accountable for meeting targets as part of a comprehensive performance review. As a result of ITA's strategic focus and commitment to meeting the needs of U.S. businesses, the companies assisted by ITA are highly satisfied with its ability to achieve their objectives and assist them in a timely manner.<sup>2</sup> None of this information relating to the role of management in overseeing ITA staff's trade barrier work appears in the OIG's report. ITA does, however, acknowledge that more could be done to strategically manage

<sup>1</sup> [DoC Strategic Plan 2022-2026](#).

<sup>2</sup> As conveyed in ITA's submissions to OIG, in FY 2022, 9 out of 10 clients rated ITA as an 8 or above on a scale of 1 to 10 in terms of their likelihood to recommend ITA. And 8 out of 10 clients rated ITA as an 8 or above on a scale of 1 to 10 in terms of their level of satisfaction with ITA's timeliness and ability to meet their objectives.

resources for trade barrier work, and acknowledges that the OIG's recommendations provide guidelines for prioritizing trade barrier cases across the organization, and establishing a trade barrier workforce plan to determine its optimal staffing needs for this activity.

ITA also has concerns with the OIG's conclusion that ITA has a "backlog" of unresolved trade barrier cases that harms U.S. businesses interests. As ITA explained to the OIG, trade barrier cases, by their nature, often focus on a foreign government's politically motivated policies that require the acquiescence of that government to undo or change. It therefore typically requires significant periods of time to persuade governments to reassess their domestic political environment to take the corrective actions that ITA has identified. This is also why ITA's guidance to staff identifies conditions under which they are permitted to "administratively close" cases that have not been actively worked on for an extended period, because the foreign government will not take action to address the trade barrier that ITA has identified in the foreseeable future. ITA will endeavor to provide staff with additional training to recognize such trade barriers that should appropriately be classified as "administratively closed" rather than active, to focus on those barriers that have a higher probability of being effectively addressed through ITA intervention.

*II. ITA did not ensure the completeness and accuracy of data reported in Salesforce.*

**ITA's Response:** ITA recognizes the importance of reporting reliable and consistent information, as well as the importance of internal controls to ensuring the accuracy of data in a large, globally dispersed organization, like ITA, with tens of thousands of clients and hundreds of thousands of client interactions being recorded each year. ITA believes that the OIG report would be strengthened by reference to the information that ITA provided regarding the implementation and oversight of its best-in-class client relationship management (CRM) system (Salesforce). ITA acknowledges the challenges that it encountered in the migration of legacy data to this system given the large volume of records. Ultimately, however, the migration has made available to ITA more accurate and reliable information on its clients and trade barrier cases than ever before. In recent years, ITA has endeavored to enhance the completeness and accuracy of data reported in this system. For example, ITA launched an initiative that promoted best practices for using Salesforce that resulted in ITA staff closing over 8,000 cases and administratively closing another 23,300 cases that had been open for more than a year and that were unlikely to be resolved because of a foreign government's political choices. ITA has also provided staff with ample guidance and training on using its CRM system to record cases and activities consistently. ITA has also established a Data Management Team (DMT) to respond to data clean-up requests from across the organization. The OIG's report does not acknowledge these data management efforts and the significant improvements to the integrity of ITA's data over time. Furthermore, the OIG's report does not acknowledge that ITA maintains internal controls requiring that all Written Impact Narratives (WINs) be reviewed and approved by two levels of management. Furthermore, all compliance related trade barrier WINs are reviewed by case team members, including the Department's Office of Chief Counsel for International Trade, to verify that the identified foreign government measure has been removed or modified. In addition, all trade barrier WINs undergo a third level of quality control (QC) review by a team in headquarters to ensure that reported WINs fully meet ITA's criteria, and that the dollar value impact is properly valued by ITA's economists.

With the inclusion of the above information, the OIG report would better reflect the effectiveness of the agency's data collection and controls. ITA nevertheless recognizes the recommendations put forward by OIG as opportunities to bolster its internal controls to further enhance its data accuracy and will endeavor to implement them.

*III. ITA performance measures do not accurately report its efforts to assist U.S. companies in resolving trade barriers.*

ITA's Response: ITA welcomes the opportunity to continuously improve its performance measurement to enhance stakeholder understanding of its efforts to assist U.S. companies facing foreign trade barriers. ITA appreciates learning about the best practices for performance measurement cited by the OIG and agrees that clarity and objectivity are important attributes for metrics. ITA believes that the OIG report would have benefited from a fuller explanation of ITA's approach to performance measurement, as reflected in its submissions to the OIG.

ITA explained to the OIG that it uses the WIN performance metric to track client confirmed outcomes that it has achieved during the fiscal year - including trade barriers reduced, removed, or prevented - to provide stakeholders with a basis for assessing its performance at successfully assisting U.S. companies. Although ITA staff are directed to only report the "most compelling" outcomes achieved for clients as WINs, this does not result in "significant bias or manipulation." To the contrary, by ensuring that ITA takes credit only for those successes in which ITA played a demonstrably meaningful role, we help ensure that our reporting accurately reflects the performance of ITA staff and serves as a reliable indicator. In this manner, ITA errs on the side of *undercounting* its successes rather than inadvertently inflating its contribution, which could occur in the absence of a "most compelling" criterion. Unfortunately, the OIG's report does not address how the outcome-focused nature of ITA's performance measurement framework, or the rigor of ITA's internal controls for verifying the outcomes reported through client confirmation and multiple levels of approval, factors into its conclusion regarding ITA's performance measures. ITA also finds it regrettable that the OIG report does not acknowledge the difficulty of measuring the resolution of foreign trade barriers, which necessarily requires action by a foreign government that is not under ITA's control.

ITA, however, sees value in OIG's suggestion to identify additional, appropriately quantifiable measures to report on its trade barrier work. One possibility is measuring the number of times a trade barrier issue has been raised by a senior official to a foreign government. ITA also appreciates the OIG's recommendation to report trade barriers that have been reduced, removed, and prevented as a separate performance measure. ITA had historically done so, but to provide stakeholders with a more streamlined set of metrics to track for ITA, consolidated this metric into the broader Commercial Diplomacy and Advocacy WINs metric of which trade barriers are a subset. In response to the OIG's recommendation, ITA is now assessing options for reporting trade barriers reduced, removed, and prevented (i.e., Trade Barrier WINs) as a separate performance metric with the goal of providing stakeholders with the appropriate level of clarity.

*IV. Illustrative Examples of Trade Barriers Reduced, Removed, or Prevented by ITA*

Since the resolution of trade barriers is subject to various external factors beyond ITA's direct control, i.e., the political decisions of foreign governments, it is important to present the following illustrative examples and client testimonials that demonstrate ITA's effectiveness in addressing the needs of U.S. companies facing trade barriers overseas.

ITA believes that, had OIG incorporated relevant examples and testimonials as part of its initial audit, its conclusions would have taken on a different complexion. The omission of these critical, substantive elements raises significant doubts about the accuracy and completeness of the OIG's assessment. By not incorporating these real-world instances and firsthand accounts, the OIG's audit does not present a comprehensive and nuanced picture of ITA's efforts in addressing trade barriers and U.S. businesses

satisfaction with ITA's performance. A more thorough and inclusive examination would demonstrate the tangible results achieved and the positive impact of ITA's initiatives.

ITA believes that the OIG's audit fell short in representing the whole picture regarding ITA's resolution of trade barriers. ITA believes that the following crucial examples and testimonials provide a more accurate and comprehensive evaluation of ITA's work in addressing trade barriers. They also serve to underscore ITA's commitment to enhancing exports of U.S. goods and services, as well as ensuring equal opportunities for American businesses and workers to compete in foreign markets.

**EU | Securing Suspension of EU MDR During COVID**

As a result of a multi-year effort by ITA, the European Union (EU) officially delayed a controversial Medical Device Regulation (MDR) that could have negatively affected up to \$20 billion of annual U.S. medical equipment exports to the EU and further aggravated the large U.S.-EU trade deficit. Upon the EU's decision, ITA received the following note from industry:

*"On behalf of the entire MedTech industry, we thank the U.S. Department of Commerce and the International Trade Administration for the valuable assistance their hardworking teams provided in securing a one-year suspension of the EU MDR."*

**European Union | Digital Services Tax Prevented**

U.S. industry raised concerns about a European Commission-proposed three percent digital services tax (DST) on gross revenues from certain digital activities. Industry saw the revenue thresholds as discriminatory since the tax would primarily apply to leading U.S. tech companies. U.S. businesses also expressed concern that, since it was based on gross revenue instead of profit, the proposal could violate international tax norms, lead to double taxation, and harm companies operating at a net loss or with low profit margins. ITA helped devise and lead an interagency campaign resulting in the European Commission dropping the proposal for an EU-wide digital tax and instead focused on a multilateral solution under the auspices of the OECD. Satisfied with this outcome, U.S. industry commented:

*"The active involvement and coordinated efforts of CSEU and ECON at the U.S. Mission to the EU succeeded in blocking the adoption of an EU-wide Digital Services Tax. The proposed tax would have forced many U.S. exporters to pay 3 percent of their turnover in the EU to be able to access the EU market. This, regardless of whether they had any operations or any profits in the EU. The [European] Commission expected the tax to be worth €4.7 billion of which a majority would be paid by U.S. firms. We thank the U.S. government for continuing to oppose similar discriminatory digital tax proposals in EU Member States, e.g., France, Italy, UK, Spain, Austria, and Czech Republic."*

**Taiwan | ITA Helps U.S. Pharma Achieve Robust Implementation of Patent Linkage Act**

The U.S. pharma industry requested ITA's assistance to secure an implementation date to put into effect the Taiwan Ministry of Health and Welfare's commitment for full protection of U.S. biopharma and pharmaceutical drugs in Taiwan's patent linkage law. ITA used high-level U.S. government and industry engagement with the Taiwan authorities, built allies within Taiwan's industry, worked with U.S. associations, and coordinated efforts between ITA, State and USTR. As a result, on August 20, 2019, the Patent Linkage Law was fully implemented in Taiwan. The Law is harmonized with the U.S. system, which means that there will be no manufacturing or import of generic drugs while a patented drug has license approval and no reimbursement of generic drugs while patented drugs are awaiting license approval. Taiwan's Patent Linkage Law

will significantly protect U.S. companies' IPR. As a result of this WIN, internal 2020 estimates suggest that U.S. exports to Taiwan could increase by \$500 million annually.

*Philippines | ITA Ensures Continued Acceptance of U.S. Auto Standards*

U.S. industry has often raised concerns about the adoption of and perceived preference for European standards in the Philippines. These concerns have been voiced most strongly by the U.S. auto industry. When the Philippines joined the ASEAN Mutual Recognition Agreement for standard harmonization, industry was very pleased, as this action indicated that unique local standards would no longer be an issue. However, industry stakeholders also raised concerns that the mutual standard dictated the use of UN-ECE (European) automotive standards in the ASEAN Region. Industry sought U.S. government assistance to allow for U.S. Federal Motor Vehicles Safety Standards (FMVSS) to still be accepted in the Philippines. While the Philippine authorities provided verbal reassurances that U.S. vehicles would continue to be accepted, U.S. industry sought written clarification and reassurance. The ITA team ensured that the issue was raised not only at the working level but in several high-level government to government engagements during April – July 2018. The work by ITA and other U.S. government agencies resulted in a Joint Statement by USTR and the Philippine Department of Trade. In the statement, the Philippines acknowledged its commitment to continue to accept FMVSS standards, giving U.S. industry the written assurance that they would have continued market access. This WIN is estimated to benefit U.S exports to the market by \$30 million annually.

*Slovak Republic WTO GPA Non-Compliant Requirement for USG Certification of Firms*

Starting in 2019, U.S. companies from the aerospace, defense, and IT industries reported to ITA that Slovak procurement authorities rejected their attempts to self-certify to certain corporate characteristic requirements (such as financial solvency) that would qualify them to compete for Slovak public procurements. ITA led a whole of government effort to ensure that Slovakia honored its obligations, engaging bilaterally with written and in-person messaging, and multilaterally at the World Trade Organization (WTO). As a result, in March 2021, Slovak authorities confirmed that they would begin to accept U.S. companies' self-certifications to satisfy Slovak public procurement registration requirements. This result maintains fairness for U.S. companies operating in this estimated \$5 billion per year procurement market.

*UAE | ITA Facilitates Improvements of IP Protection at the Ajman China Mall*

Facing threats to their intellectual property and harm from the sale of counterfeits at the Ajman China Mall, U.S. industry and the American Brand Forum turned to ITA for help. The Ajman China Mall is the largest Chinese-funded enterprise in the Ajman free zone, and it is operated by the Gulf Chinese Trading Corporation. Since the Ajman China Mall opened in 2009, it has been notorious as a key retail outlet for counterfeit U.S. goods sold by many shops throughout the Mall. Ajman China Mall was specifically mentioned in the USTR 2020 Review of Notorious Markets for Counterfeiting and Piracy (Notorious Markets Report). As a direct result of the work of ITA's regional Intellectual Property Attaché and the broader U.S. government team, the Ajman Department of Economic Development took action that significantly reduced the amount of counterfeit U.S. goods sold at the Ajman China Mall and improved their intellectual property rights protection practices and enforcement. From 2019 to 2020, the number of counterfeit products that were seized increased from 168,251 to 923,724 – an increase of 449%. The 2021 Notorious Markets Report noted that the Ajman China Mall "is now essentially free of counterfeit goods." U.S. companies expressed their appreciation. For example, Nike's Senior Manager for Brand Protection commented: "Great achievements that wouldn't have been possible without your support and contribution!"

#### Kenya | WTO TFA Implementation - Transparency

ITA determined in 2018 that Kenya had not fulfilled its obligation to formally publish the online location of its import, export, and transit procedures. ITA and USTR engaged with Kenyan authorities to secure this overdue submission multilaterally at the WTO and bilaterally in 2019 and 2020 as a key component of exploratory talks about a potential U.S.-Kenya Free Trade Agreement. As a result, in June 2021, Kenya fulfilled its WTO transparency obligation. ITA has independently analyzed and verified that this single border measures information point helps U.S. companies understand how to get their products into the Kenyan market thereby increasing the velocity of U.S. exports and helping to reduce opportunities for corruption at the border. This WIN is estimated to facilitate over \$21 million in annual U.S. exports to Kenya.

#### Brazil | ITA Digital Attaché Program Drives Data Privacy Law Improvements

U.S. industry raised concerns to ITA about a proposed data privacy bill in Brazil, which would have made it onerous and costly for U.S. companies to comply. Industry reported it would also have negatively affected U.S.-Brazil cross border data flows that small- and medium-sized companies rely on to do business in Brazil. ITA's Digital Attaché in Brazil facilitated a series of high-level U.S.-Brazilian talks and workshops to share the U.S. approach to the topic and encourage a balanced data protection framework. As a result of the consistent and high-level engagement, the Brazilian bill was revised. U.S. industry considers the revised bill to be a major improvement over the original draft. The new law will affect all companies collecting and processing data in Brazil. One U.S. industry stakeholder wrote:

*"São Paulo's US Consulate Digital Attaché program did a great job in helping to shape the data protection discussions and bills at the Brazilian Federal Congress. In my perspective, it was crucial to be able to count on the Digital Attaché's support and work on the data protection bills in Brazil. Finally, I'd like to thank you and congratulate you for this excellent result! This data protection law is one more positive outcome to add to your excellent job. Congratulations!" – Amazon*

#### Mexico | ITA Keeps the Pipes Flowing

In February 2021, a U.S.-based standard developer notified ITA that Mexico's proposed modification for high-density polyethylene (HDPE) drainage and sewage pipe standards would rely exclusively on an International Standards Organization standard. This Mexican proposal would exclude pipe manufactured to the U.S.-based developer's relevant international standard, potentially forcing some U.S. HDPE pipe manufacturers out of the Mexican market. ITA, through numerous meetings with Mexico's Ministry of Economy and at the WTO Technical Barriers to Trade Committee, encouraged Mexico to continue to accept pipes manufactured to the U.S. standard in alignment with international norms. In May 2021, Mexico agreed to continue to accept pipe manufactured to the U.S. standard, protecting \$14 million in U.S. exports.

#### Costa Rica | ITA Ensures U.S. Tires Keep Rolling

ITA San Jose was notified by a local representative of a U.S. tire manufacturer that planned changes to Costa Rican regulations would not allow for the continued acceptance of tires built to U.S. safety standards. After many meetings with the U.S. Embassy and conference calls with technical experts from the National Highway Traffic Safety Administration (NHTSA) explaining the stringency of U.S. safety requirements, the final Costa Rican regulation allowed for continued acceptance of U.S.-compliant tires. As a result, roughly \$3.4 million of U.S.-made tire exports were sold to the Costa Rican market in 2018. The ITA client commented:



*"Your efforts within the U.S. Government and with Costa Rican officials were instrumental in helping companies such as (ours) continue shipping DOT marked tires to Costa Rica and to reaffirm such tires are compliant with all applicable Federal Motor Vehicle Safety Standards (FMVSS). Thank you again for your successful efforts on this important matter to not only (us) but the entire US tire industry."*

**Brazil | ITA Helps Pfizer Bring COVID-19 Vaccines to Brazil**

ITA Sao Paulo helped facilitate the sale of Pfizer's COVID-19 vaccines in Brazil, meeting consistently with the company throughout the early days of the pandemic and coordinating with U.S. government agencies to overcome regulatory hurdles and smooth communications with the Government of Brazil. As a result of ITA engagement, Brazil modified the legal liability requirements for the vaccine, enabling Pfizer to begin vaccines sales in Brazil. Pfizer ultimately signed an agreement to supply 100 million doses of COVID-19 vaccine worth \$2.2 billion, to be delivered during 2021. Pfizer Corporate Affairs Director said: *"Pfizer is honored to work with the Brazilian government and to marshal our scientific and manufacturing resources toward the shared goal of bringing a COVID-19 vaccine to the Brazilians as quickly as possible. We would like to thank you (CS Brazil) for the invaluable support you provided during the past few months, which was extremely helpful for us."*

**Vietnam WTO TBT Discriminatory Testing Requirements for Autos**

ITA worked with USTR to convince Vietnam to honor its WTO Technical Barriers to Trade (TBT) Agreement obligations by removing the imposition of overly burdensome requirements mandating testing of at least one vehicle of each model per separate shipment of automobile imports. In February 2020, after two years of steady U.S. bilateral and multilateral pressure, Vietnam amended its regulation for self-certified vehicles, such as those from the United States, from lot-to-lot testing to significantly less onerous 36-month sample testing. The removal of this burdensome testing requirement preserves \$175 million in U.S. auto industry annual exports to Vietnam.

ITA believes that these examples demonstrate that, concentrating solely on the record-keeping functions and system processes, the OIG's audit oversimplifies the complexities and efficacy of ITA's trade barrier work. *ITA Did Not Effectively Resolve Foreign Trade Barriers* draws a sweeping conclusion about ITA's overall effectiveness in managing trade barriers based on the evaluation of just record keeping functions and systems processes, it fails to consider the multifaceted nature of ITA's efforts. ITA's trade barrier work encompasses a wide range of activities, including policy development, diplomatic negotiations, dispute resolution, and foreign capacity-building programs. These endeavors are integral components of ITA's comprehensive approach to addressing trade barriers.

**RESPONSE TO RECOMMENDATIONS**

1. *Develop criteria and guidance for prioritizing trade barrier cases and identifying which cases might be a higher priority than others, based on the Administration's and the Department's goals, to ensure case contributor resources are used for cases that would have the most impact on the U.S. economy.*

**ITA does not concur:** ITA already ensures prioritization of trade barrier cases and other responsibilities as established by our Senior Commercial officers with input from Headquarters experts in Global Markets and Enforcement & Compliance. Setting priorities at the market level best harnesses the knowledge of those most connected to the local challenges faced by U.S. businesses and allows for timely and informed adjustment of priorities to reflecting changing circumstances on the ground. Through Headquarters input, ITA also ensures consistent advancement of the Administration's and Department's goals as reflected in the U.S. Department of Commerce Strategic Plan (2022-2026).

2. *Develop a strategy to manage and monitor foreign trade barrier cases that addresses the growing demand for ITA's assistance from U.S. businesses and achieves the Department's strategic goals for U.S. trade policy.*

**ITA does not concur:** ITA's current strategy relies on the established U.S. Department of Commerce Strategic Plan (2022-2026) to carry out the economic and commercial priorities of the Administration.

3. *Develop and implement a comprehensive workforce plan to: (a) determine optimal staffing levels needed to manage trade barrier cases and to clear the current backlog of unresolved cases and (b) identify any potential staffing shortfalls or gaps.*

**ITA concurs:** ITA does not have a backlog of cases that U.S. companies are waiting for ITA to work on, however, ITA will develop and implement a workforce plan to further enhance its ability to strategically manage its resources in line with our current action plan with the Government Accountability Office.

4. *Develop and publish policies and procedures that specify when a trade barrier case should be entered into Salesforce and that require management to provide oversight to ensure that cases are entered into Salesforce.*

**ITA concurs:** ITA will build out its existing guidance and training on when trade barriers cases should be entered into Salesforce and strengthen its documentation of management oversight across the organization.

5. *Require staff to consistently track and update case information in Salesforce to ensure that it is accurate and complete.*

**ITA concurs:** ITA will bolster its existing guidance and training on tracking and updating case information in Salesforce to shore up the accuracy and completeness of its data.

*6. Develop and publish policies and procedures requiring supervisors to validate that sufficient evidence exists in Salesforce to warrant reporting as a WIN.*

**ITA concurs:** ITA will update and amplify its existing guidance and training to ensure that supervisors are fully aware of their responsibilities for validating WINs, including ensuring that evidence exists in Salesforce.

*7. Establish objective performance measures to accurately assess and report ITA's progress in preventing, reducing, and removing foreign trade barriers.*

**ITA does not concur:** This recommendation, if adopted, would conflict with the Department's Strategic Plan. ITA's database (Salesforce) captures Trade Barrier WINs and ITA's workforce is trained to that standard. Trade Barrier WINs are a component of ITA's Key Performance Indicator (KPI) called "Commercial Diplomacy and Advocacy WINs," per the Department's Strategic Plan 2022-2026. We will continue to review our performance measures and reflect any changes in our Strategic Plan and Annual Performance Goals.

*8. Include a separate performance measure for reporting trade barriers that were prevented, reduced, and removed each fiscal year to show stakeholders ITA's effectiveness in assisting U.S. companies in resolving foreign trade barriers.*

**ITA does not concur:** The Department Strategic Plan includes the current key performance indicator "Commercial Diplomacy and Advocacy WINs. This metric is inclusive of trade barriers removed, reduced, and prevented and is shared with stakeholders. Creating a separate key performance indicator would conflict with the Department's Strategic Plan.

## CONCLUSION

ITA believes the OIG report would benefit from fuller consideration and acknowledgment of the extensive and comprehensive record of information available. ITA further believes that the full record does not support the OIG's conclusion about the efficacy of ITA's resolution of trade barriers. ITA requests that the OIG review again the complete information provided by ITA and take that information into account in its final report, including by revising the inaccurate title of the report and its conclusion.

The OIG's report oversimplifies ITA's trade barrier work by focusing solely on record-keeping functions and system processes. Drawing broad conclusions about ITA's overall effectiveness based on this narrow evaluation fails to consider the diverse nature of ITA's efforts. ITA's trade barrier work encompasses various activities, including policy development, diplomatic negotiations, dispute resolution, and foreign capacity-building programs. Neglecting to acknowledge and evaluate these additional dimensions undermines the accuracy and validity of the OIG's audit and subsequent report.

In addition, ITA cannot adopt all the recommendations provided by the OIG as many of the recommendations conflict with the established Department Strategic Plan of the current Administration. ITA does not have the authority to supersede the Department on its priority goals and initiatives.

While ITA believes that the OIG's ultimate title and conclusion do not align with the comprehensive evidence presented by ITA and supported by the U.S. export community, ITA appreciates and recognizes

the value of the OIG's specific recommendations. ITA acknowledges that the implementation of these recommendations has the potential to enhance the management, accuracy of data, and measurement of its trade barrier initiatives. Consequently, ITA is committed to appropriately incorporating the OIG's recommendations into its ongoing efforts aimed at further improving its capacity to effectively reduce, remove, and prevent foreign trade barriers. By embracing the OIG's recommendations, ITA reinforces its dedication to delivering even greater results and bolstering the competitiveness of American exporters in the global marketplace.