Agenda Item #4

2011 NATIONAL EXPORT STRATEGY

Powering the National Export Initiative

United States of America
Trade Promotion Coordinating Committee
Washington, D.C.
June 2011

TRADE PROMOTION COORDINATING COMMITTEE

TPCC

NATIONAL EXPORT INITIATIVE
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Letter From President Obama

"How we win the future" was the theme of my State of the Union address in January, and it is one of the biggest challenges facing our nation in the generation to come. America's willingness to invest in innovation, education, and infrastructure are fundamental to America's achieving a prosperous future. In early February, I issued an updated Strategy for American Innovation, charting America's progress for out-innovating, out-educating, and out-building the rest of the world to promote our economic growth and prepare for the challenges of a new century.

U.S. businesses, farmers, manufacturers, and service providers are among the most competitive in the world. Every company, farm, factory, and partnership needs to be thinking about exporting their goods and services to new international markets. Similarly, the Federal Government must constantly look for ways to promote U.S. exports, enforce trade agreements, and work to ensure that U.S. businesses are able to compete—and compete fairly—on the world stage, consistent with global trading rules.

To achieve our goals, we must reform our government in a way that best serves the goal of a more competitive and innovative America. Now is the time to consolidate and reorganize the Executive Branch of the Federal Government so that it more efficiently and effectively serves the American people. On March 11, 2011, I issued a Presidential Memorandum that charges the nation's first Chief Performance Officer, Jeffrey Zients, with establishing a Government Reform for Competitiveness and Innovation Initiative and to focus first on the agencies and programs that support the critical priorities outlined in the National Export Strategy. Earlier this month, he reported back to me with recommendations for Presidential and Congressional action to restructure and streamline Federal programs focused on trade and competitiveness.

For our innovative businesses to expand and create jobs, there must be markets for what they are selling. For several decades, the healthy and robust U.S. economy itself has been the most attractive market. Increasingly, however, a growing host of countries and an expanding global middle class make it imperative that our companies also look to foreign markets for growth. The National Export Initiative, which I announced in 2010, is my Administration's commitment to U.S. businesses that the Federal Government will work more closely together to help more U.S. businesses access export markets. The NEI's goal of doubling exports by the end of 2014 is designed so that U.S. Government agencies are focused and are working together to ensure that our companies have access to these markets, and that all companies, large and small, get the assistance they need to compete on a fair and level basis with foreign competitors.

Much progress has been made in implementing the recommendations first laid out by my Export Promotion Cabinet in the September 2010 NEI Report to the President. We now have a standard set of cross-cutting interagency metrics to measure this Administration's progress on implementing the NEI over the next four years. Beginning with this publication and in the years ahead, I will look to the National Export Strategy, delivered to Congress, to serve the important role of tracking and measuring the Federal Government's progress on implementing the NEI.

The world has changed. Technology and new foreign competition from countries like China and India are a reality. But our country was built on change and an abiding belief in our ability to shape our own destiny. With exports rising, U.S. companies, including small enterprises, have already taken the first steps to reinvent themselves as global enterprises. The challenge will be to continue out-innovating, out-educating, and out-building the rest of the world. America's companies, workers, and farmers are up to that challenge, and this Administration is here to help.

Barack H. Obama

Letter From Secretary Locke

Dear Mr. President and Mr. Speaker:

As Chairman of the Trade Promotion Coordinating Committee (TPCC), it is my honor to present the 2011 National Export Strategy on behalf of the 20 trade promotion and trade finance agencies that form the TPCC.

The world economy has profoundly changed in recent years, pulling hundreds of millions of people out of poverty and creating an emerging global middle class. These forces, including technological advancements around the globe, are giving rise to new competitors. At this critical juncture, the United States—its people, its companies, and its Government—must embrace these changes and President Obama's National Export Initiative (NEI) goal of doubling exports by the end of 2014.

This year's National Export Strategy focuses on implementing the 70 NEI recommendations presented to the President in September 2010. Section I lays out key challenges and opportunities that the global marketplace poses for our Nation, and it brings those impacts home to the state and local levels, where job creation is the number one priority.

Section II highlights successes from the NEI's first full year, emphasizes key aspects of the President's 2012 budget request that are relevant to the TPCC agencies, and identifies four focus area for TPCC agencies during 2011:

- Collaborating with states, metropolitan areas, and border communities;
- Encouraging exports by U.S. companies selling technologies in high-growth sectors, partly through improving the U.S. supply chain infrastructure;
- Ensuring better data and measurement of U.S. services sector exporting; and
- Removing barriers to trade, including through pending trade agreements.

The TPCC agencies have been hard at work implementing the NEI. Section III highlights steps already taken to achieve many of the NEI recommendations from the September 2010 report. Section IV presents comprehensive, Government-wide metrics to measure the effectiveness of the programs and services provided by the Export Promotion Cabinet and TPCC agencies in support of the National Export Initiative. Finally, an appendix provides brief updates on each of the 70 original recommendations.

Starting with this report, the annual National Export Strategy will fill the essential role of tracking and measuring the Federal Government's progress in implementing the NEI. Each year the TPCC will also assess new opportunities and seek new ways for the TPCC agencies to improve coordination and increase their effectiveness.

The TPCC agencies look forward to working with you in the months ahead to ensure that our businesses, our workers, and our farmers have the support and encouragement they need from the Federal Government to win the future through seizing opportunities in the global marketplace.

Sincerely,

Gary Locke

Gary Locke
Secretary of Commerce and Chairman of the Trade Promotion Coordinating Committee

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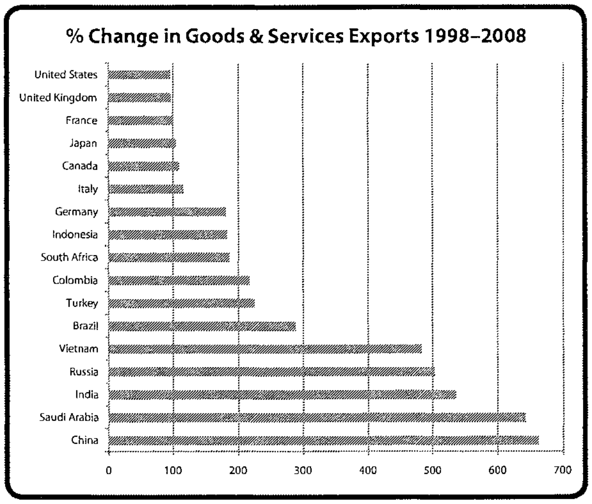
I. Introduction

A. Exports Are an Increasingly Important Component of the U.S. Economy, and the Global Marketplace Holds Tremendous Opportunity for U.S. Companies.

Historically, U.S. companies seeking to expand their revenues focused first on increasing their number and share of U.S customers. For years, this focus served as a winning strategy for many of the most successful U.S. companies. Today, global economic trends make clear that successful companies are those that reach and sell to consumers outside U.S. borders and around the globe.

Over 95 percent of the world's consumers live outside U.S. borders. A new middle class is emerging in once-developing nations, which will increase the consumption of goods and services worldwide. More than one billion new consumers worldwide will enter the middle class during the next 15 years. According to a recent study by the Organisation for Economic Cooperation and Development (OECD), global middle-class consumption is expected to rise from $21 trillion to $35 trillion by 2020, with over 80 percent of the growth in consumption occurring outside of North America and Europe.[1] U.S. companies ignore these opportunities at their peril.



Recognizing the vast opportunity presented by the global marketplace and the need for U.S. companies to be ready to seize these new opportunities, President Barack Obama announced the National Export Initiative (NEI) in January 2010 and set the goal of doubling U.S. exports by the end of 2014 to support millions of jobs here at home.

Over the past decade, exports have become a major part of the U.S. economy. In 2008, U.S. exports of goods and services supported 10.3 million jobs and comprised 12.8 percent of the overall U.S. economy. The global economic recession cut significantly into these values in 2009, when U.S. exports of goods and services supported approximately 8.5 million jobs and comprised 11.2 percent of the overall U.S. economy.

In 2010, the first year of the NEI, exports rebounded to near-2008 levels and contributed significantly to the United States' overall economic recovery. U.S. exports of goods and services totaled $1.83 trillion, supporting millions of jobs. Of note, exports contributed as much to gross domestic product (GDP) growth in 2010 as did business investment.

U.S. exports grew more slowly than those from any major exporter from 1998 to 2008 (see figure above). Growth was sharply lower than in emerging markets, such as China, Brazil, and India, and was even slower than other advanced economies.

Increasing the pace of export growth and fulfilling the President's NEI goal of doubling U.S. exports by the end of 2014 requires a comprehensive national export strategy to help more U.S. companies sell their world-class, innovative, and high-quality goods and services to billions of consumers located outside of the United States. In addition to tackling issues affecting U.S. export competitiveness at the international and national levels, developing an effective national export strategy requires a coordinated response from U.S. Government agencies, the engagement of external stakeholders including private-sector partners and state and local governments, and strategic measurement of the nation's overall export progress.

1 Kharas, H. (2010), "The Emerging Middle Class in Developing Countries," OECD Development Centre Working Papers, No. 285.

B. In 2010, TPCC Agencies Worked Together to Make Significant Progress in Implementing the NEI Recommendations and Developing Transparent, Government-Wide Metrics to Measure Progress.

In March 2010, President Obama issued an Executive Order outlining the priorities of the NEI and establishing the first-ever Export Promotion Cabinet (EPC).[2] The Executive Order directed the EPC, through the Trade Promotion Coordinating Committee (TPCC), to develop recommendations for implementing the NEI in a Report to the President to be delivered within 180 days of the Executive Order. The NEI Report to the President was submitted in September 2010.

The NEI Report outlined 70 recommendations for Federal Government action. The 2011 National Export Strategy provides an important update on the implementation of 31 of those recommendations—over 40 percent of the total—and provides a comprehensive set of NEI progress metrics based on the programs, services, and initiatives of the EPC and TPCC agencies. These metrics will help measure the progress of core NEI recommendations, encourage interagency collaboration toward common NEI goals, and provide greater transparency for the public on the government's role in promoting exports.

The TPCC agencies are taking additional steps in the coming year to improve trade promotion, market access, and enforcement efforts as detailed in Section II of this Strategy under "2011 Outlook." For example, TPCC agencies are focusing on partnering with state and local government agencies and private organizations to leverage resources and localize the NEI. Coordinated by the White House and in partnership with the business community, global sector strategies and country strategies are being developed to identify top policy issues impacting U.S. export competitiveness. The Departments of Transportation and Commerce are actively working together to improve the nation's infrastructure, facilitating exporters' access to ports, airports, and rail yards.

2 Executive Order 13534, March 11, 2010.

II. 2011 National Export Strategy: Powering the NEI

A. Background: The 2011 National Export Strategy Details How the Government Will Implement the NEI Recommendations of the Export Promotion Cabinet.

The goal of the National Export Strategy of the United States is to implement the NEI. The President launched the NEI during his State of the Union address on January 27, 2010 and established a national goal of doubling U.S. exports by the end of 2014:

> [W]e need to export more of our goods. Because the more products we make and sell to other countries, the more jobs we support right here in America. So tonight, we set a new goal: We will double our exports over the next five years, an increase that will support two million jobs in America. To help meet this goal, we're launching a National Export Initiative that will help farmers and small businesses increase their exports.

The NEI has five main components. First, the Administration seeks to improve advocacy and trade promotion efforts on behalf of U.S. exporters so that trade missions can introduce the world to American products and advocacy centers can help U.S. exporters pursue opportunities. Second, the Administration seeks to increase access to export financing so that good opportunities do not fall through because of the inability to finance an export. Third, agencies will reinforce their efforts to remove barriers to trade so that as many markets as possible are open to U.S. products and services. Fourth, the United States will robustly enforce trade rules, ensuring America's trade partners live up to their obligations. Fifth, the Administration will pursue policies at the global level to promote strong, sustainable, and balanced growth so that the world economy grows and U.S. exports have robust markets. These components are crucial tasks for the Federal Government to pursue so that America's exporters can succeed around the globe.

The March 2010 Executive Order identified eight specific NEI priority areas of activity:

Priority 1: Exports by Small and Medium-Sized Enterprises (SMEs). Tremendous opportunity exists for the U.S. Government to help SMEs participate more actively and effectively in export markets through advocacy and promotion as well as through the provision of export financing.

Priority 2: Federal Export Assistance. Improving the Federal Government's core trade promotion programs can substantially enhance the ability of U.S. companies to export.

Priority 3: Trade Missions. Trade missions are another important part of trade promotion and provide a practical way for the government to encourage exports. By participating in trade missions, U.S. companies receive individually selected, one-on-one meetings with business contacts, including potential agents, distributors, and partners in the local market. This assistance allows U.S. companies to enter, or expand their presence in, the global marketplace.

Priority 4: Commercial Advocacy. Commercial advocacy is designed to help level the playing field on behalf of U.S. businesses competing for international contracts against foreign firms that may benefit from strong home-government support.

Priority 5: Increasing Export Credit. Export financing is a crucial part of exporting. Government trade and investment financing agencies such as the Export-Import Bank of the United States (Ex-Im Bank) step in to fill market gaps when the private sector is unable to provide adequate credit to support certain transactions with greater real or perceived risk.

Priority 6: Macroeconomic Rebalancing. A key determinant of U.S. export growth over the next few years will be the economic growth of trading partners. In the short term, working to sustain a strong global economic recovery will require concerted and continued efforts by the United States and its G-20 partners to ensure that the global economy shifts smoothly to more diversified sources of economic growth. In the medium and longer term, shifts in trading partners' composition of economic growth will also be crucial to U.S. export growth. Several countries need to take policy actions that reduce their surpluses by stimulating domestic demand (especially consumption) and thereby increasing their demand for imports. Strong, sustainable, and more balanced global growth is therefore crucial to U.S. export growth.

Priority 7: Reducing Barriers to Trade. The United States Trade Representative (USTR), working with other members of the EPC, is taking steps to improve market access overseas for U.S. manufacturers, farmers, ranchers, and service providers. A crucial part of continued export growth is removing trade barriers through negotiations. Enforcing trade obligations and expanding new market access go hand in hand. As the U.S. Government works to open new markets, it must ensure that U.S. exporters have the opportunities they were promised in prior agreements. Robust enforcement is both a short-term and long-term priority and an effective way for the Federal Government to help increase exports.

Priority 8: Export Promotion of Services. The Federal Government should design and implement specific advocacy and trade promotion efforts for services. As the largest component of the U.S. economy, services account for nearly 70 percent of U.S. GDP and are the largest drivers of job creation in the United States.

The NEI Report to the President listed 70 recommendations as part of a plan for doubling U.S. exports by the end of 2014. For the next four years of the NEI (calendar years 2011 through 2014), the National Export Strategy will consist of implementing the NEI and as many of the 2010 NEI Recommendations as is feasible, with different areas of focus identified each year. In addition, new recommendations may be made by the TPCC in response to market conditions, and certain recommendations may be retired as they are fully implemented or deemed not practical. These Reports will be the TPCC's game plan for managing and overseeing the setting of priorities, implementing recommendations, and reporting progress and results.

The 2011 National Export Strategy includes a brief progress update on recommendations implemented during 2010 (Section II, Part B), identification and discussion of key areas of focus for TPCC agencies during 2011 (Section II, Part C), and a more detailed update of progress made to date on the 2010 NEI Recommendations (Section III). In addition, this year's National Export Strategy contains, for the first time ever, cross-cutting interagency metrics to quantify and measure TPCC agency progress in implementing the NEI (Section IV).

B. In 2010, Agencies Began Implementing NEI Recommendations, Which Resulted in Successes Across All Five of the Main NEI Components.

In 2010, TPCC agencies focused on making progress to implement the 2010 NEI Recommendations and on creating metrics to measure that progress. Thirty-one of the 70 recommendations were implemented in 2010. Some of the key successes are summarized in this section; Section III contains a more detailed update of progress to date, and Appendix A lists all 70 recommendations with a status update on each one.

Advocacy and Trade Promotion

September 2010 NEI Recommendation: Coordinate, expand, and leverage federal outreach resources to identify potential exporters.

- The International Trade Administration (ITA) and the Small Business Administration (SBA) designed a uniform method to refer new clients to the most appropriate TPCC agency based on a client's export experience level.
- ITA developed an enhanced client intake registration process on *www.export.gov* that will allow TPCC agencies to track referral sources, categorize registrants for further contact, and efficiently deliver customized information. The new registration form went live on December 17, 2010.

September 2010 NEI Recommendation: Implement bilateral and multilateral SME-to-SME initiatives.

- ITA developed a new online free trade agreement (FTA) tariff search application to help U.S. SMEs benefit from new export opportunities with the 17 U.S. FTA partners. Improved services targeting FTA trading partners will deepen SME-to-SME engagement in these markets. If one enters a simple product code, the application displays the tariff applied on the date the FTA entered into force and the rates for each subsequent year as the tariffs are eliminated under the agreement. This application can help small manufacturers with forward planning for entry into new export markets. The application went live in April 2011.

September 2010 NEI Recommendation: Recruit more potential foreign buyers for U.S. trade shows and create additional opportunities for partnerships between foreign buyers and U.S. companies.

- The Departments of Commerce and State allocated additional funding to increase marketing to foreign buyers about U.S. trade shows and to encourage those buyers to participate in the International Buyer Program. This resulted in an increase in the number of buyers from 9,000 in 2009 to almost 13,000 in 2010.
- In addition, the TPCC agencies have combined funds to create a more integrated NEI pavilion that will be used for trade shows in 2011.

September 2010 NEI Recommendation: Increase U.S. Government support for U.S. renewable energy and energy efficiency exports.

- On December 7, 2010, Secretary of Commerce Gary Locke announced the Renewable Energy and Energy Efficiency Export Initiative (RE4I), a multi-agency effort to significantly increase renewable energy and energy efficiency (RE&EE) exports. The RE4I includes 23 commitments from 8 separate government agencies to better tailor financing options, enhance market access, increase trade promotion, and amplify the efficiency of existing export promotion programs for RE&EE companies.
- More information about the RE4I is available at *www.export.gov/reee.*

September 2010 NEI Recommendation: Expand and better target trade missions.

- In 2010, the TPCC agencies conducted 35 trade missions, with 400 companies participating, an increase over 2009 results by 8 missions and 261 participants. TPCC agencies conducted trade missions to many key markets including China, India, Indonesia, and Saudi Arabia. Trade missions were also focused on key sectors such as health care, renewable energy, and civil nuclear energy in countries where the United States has a competitive edge.

September 2010 NEI Recommendation: Promptly bring exceptional commercial advocacy cases to the attention of the White House.

- TPCC agencies developed an interagency review process to evaluate high-level advocacy issues that merit White House attention and brought these issues to the attention of the White House National Security Staff.
- Requests for elevating advocacy can come from project officers, U.S. Embassies, interested agencies, or clients. The Department of Commerce's Advocacy Center and the State Department's Office of Commercial and Business Affairs evaluate cases based on national interest criteria. Proposals for White House involvement are reviewed by relevant agencies prior to being submitted to the National Security Staff.

Access to Export Financing

September 2010 NEI Recommendation: Make more credit available through existing credit platforms and through new products.

- During fiscal year (FY) 2010, Ex-Im Bank increased the extension of credit by nearly 17 percent over the prior year (and 70 percent over the prior two years) to $24.5 billion. This increase represented more than 3,500 transactions, a 22 percent increase in the number of transactions from the previous year.
- Ex-Im launched the Renewable Energy Express program, which enables small renewable-energy project developers to benefit from a due diligence process that is streamlined, cost-effective, and carried out entirely in-house.
- Ex-Im recently launched a supply chain finance guarantee product to provide liquidity to domestic suppliers of U.S. exporters. Transactions to date make available up to $500 million of credit to these firms, many of which are small businesses.
- On September 27, 2010, the President signed the Small Business Jobs Act of 2010 (P.L. 111-240) (Jobs Act), which increased the amount of credit available through the SBA's Export Express program to $500,000 and through both the Export Working Capital Program (EWCP) and International Trade Loan (ITL) programs to $5 million. The Jobs Act significantly expands the availability of funding to SME exporters through these programs.

Removal of Barriers to Trade

September 2010 NEI Recommendation: Negotiate new market access.

- On December 3, 2010, the United States and the Republic of Korea reached agreement on a landmark trade deal that resolved outstanding issues related to the United States–Korea (KORUS) trade agreement.
- As directed by the President, in early 2011 the Administration also intensified its engagement with Colombia and Panama to resolve outstanding issues. As a result of these efforts, on April 7, President Obama and President Santos announced an agreement on an "Action Plan Related to Labor Rights" (Action Plan) that significantly expands the protection of labor activists and organizers, bolsters efforts to punish those who perpetrate violence against such persons, and strengthens labor laws and their enforcement. The Action Plan contains specific, detailed actions that, when taken by Colombia, will allow the Administration to move the United States–Colombia trade agreement forward for Congressional consideration. On April 18, 2011, Ambassador Ron Kirk, the United States Trade Representative, sent a letter to Congress noting that USTR had completed its preparatory work on the U.S.–Panama Trade Promotion Agreement and stood ready to begin technical discussions with Members of Congress on the draft implementing bill and draft Statement of Administrative Action.

September 2010 NEI Recommendation: Deepen engagement with major emerging markets, such as China, India, Brazil, and others.

- The May 2010 Strategic and Economic Dialogue (S&ED) with China produced near-term results in the trade area, including China's commitment that its innovation policies will be consistent with the principles of nondiscrimination, support for market competition, and strong intellectual property rights (IPR) enforcement, and will be consistent with WTO rules, leaving the terms and conditions of technology transfer, production processes, and other proprietary information to agreement between individual enterprises.
- During the December 2010 Joint Commission on Commerce and Trade (JCCT) talks with China, the United States achieved commitments to enforce IPR, address Internet piracy, eliminate discriminatory "indigenous innovation" criteria, continue dialogues to restore market access for U.S. beef, and cooperate on issues relating to the inspection and quarantine of U.S. soybeans exported to China that were valued at more than $9 billion in 2010. At the December JCCT meeting, China also pledged to adhere to openness, nondiscrimination, and transparency in its smart grid market and to cooperate with the United States on smart grid standards, creating more opportunities in a market that is estimated to be worth $600 billion.
- President Obama visited India in November 2010 and Brazil in March 2011. During each visit, the President actively promoted U.S. commercial interests, including through direct advocacy and events that included the U.S. business community in direct engagement with respective host governments and local businesses.
- Broad U.S. Government efforts through bilateral dialogues and meetings with India achieved tariff reductions for solar energy equipment, medical equipment, and aerospace.

Enforcement of Trade Rules

September 2010 NEI Recommendation: Use trade policy tools to seek strong protection and enforcement of IPR.

- In November 2010, the United States, Australia, Canada, the European Union (EU) (with its 27 Member States), Japan, Korea, Mexico, Morocco, New Zealand, Singapore, and Switzerland concluded negotiations on the Anti-Counterfeiting Trade Agreement (ACTA). The agreement will be an important new tool for fighting the global growth in counterfeiting and piracy, which threatens jobs that depend on innovation, including those in the United States.
- In 2010, the Czech Republic, Hungary, Poland, and Saudi Arabia were all removed from the Special 301 Watch List because of actions each of these countries took to shut down illegitimate trade in counterfeit and pirated goods. USTR also used the Special 301 process in 2010 to encourage Mexico's final enactment of criminal ex officio intellectual property enforcement legislation.
- The Department of Commerce has partnered with other TPCC agencies and the private sector to enhance *www.stopfakes.gov*, an online resource for U.S. firms, particularly SMEs, to access tools and services to help protect IPR. Such services include country-specific toolkits and complaint services.

Promotion of Strong, Sustainable, and Balanced Growth

September 2010 NEI Recommendation: Sustain and strengthen the global economic recovery and rebalance global demand.

- At the Leaders' Summit in Seoul, Korea, in November 2010, Leaders agreed to expand and enhance the Framework for Strong, Sustainable, and Balanced Growth[3] to include increased focus on external sustainability. The Leaders agreed to pursue the full range of economic policies conducive to reducing excessive imbalances and to maintain future current account imbalances at sustainable levels.

C. In 2011, TPCC Agencies Will Focus Attention on Several NEI Recommendations, Which Are Among the Most Critical to the Success of the Initiative.

For 2011, certain areas, such as improving advocacy and trade promotion and removing barriers to trade, will receive additional attention as TPCC agencies focus on collaborating with state and local governments to localize the NEI and as the Korea, Colombia, and Panama trade agreements are submitted to Congress. Listed in this section are some of the 2010 NEI Recommendations that will receive special attention from TPCC agencies in 2011.

Advocacy and Trade Promotion

i. September 2010 NEI Recommendation: Increase coordination with state export promotion programs and nonprofit associations.

As part of the NEI, TPCC agencies are working with states and municipalities to amplify federal export promotion efforts and services. Achieving the ambitious goals of the NEI will require an "all-hands-on-deck" approach to help U.S. companies seize emerging opportunities overseas, within global trading rules. Leveraging resources and strengthening collaboration with state and local governments and private-sector partners is a critical component of this effort.

In the first year of the NEI, the EPC and the federal agencies that make up the TPCC focused on improving interagency collaboration and communication. The goal is simple: a U.S. company, large or small, seeking advice and support on exporting overseas should be able to reach out to one point of contact in the Federal Government and be seamlessly linked to comprehensive information on market research, trade barriers, export financing, and upcoming trade events. To achieve this goal, the agencies are now emphasizing the implementation of interagency training and communication, an improved Web portal on *www.export.gov*, the cross-marketing of resources, and an improved agency participation in international trade shows.

3 *http://www.g20.org/Documents2010/11/seoulsummit_declaration.pdf*

Equally important to strong federal agency collaboration is the engagement of state and local governments in promoting U.S. exports. State and local officials recognize that expanding exports can, and must, play a critical role in future economic growth. Under the umbrella of the NEI, the TPCC is providing critical leadership and support to training initiatives that prepare local business counselors to identify, assist, and refer potential exporters. Implemented at the regional level, these "export outreach teams" are designed to bring business counselors from federal, state, local, and nonprofit-supported programs together to ensure stronger awareness of export programs and stronger collaboration across the various federal, state, and local organizations. The Federal Government is also using a revamped *www.export.gov* federal export assistance Web portal to better direct new exporters and experienced exporters to the right resources, while also introducing U.S. companies to the *www.export.gov* social media accounts on Twitter and Facebook.

Working collaboratively as a Federal Government and working more closely with state and local governments should go a long way toward solving one of the greatest challenges faced by U.S. businesses, particularly SMEs, in accessing the necessary exporting information, education, and resources. In a recent letter to President Obama, the President's Export Council (PEC), a group of business executives, labor leaders, members of Congress and members of the Administration formed to advise the President on export challenges facing U.S. businesses, noted that there are "prominent and persistent education gaps and confusion among SMEs on a broad range of export issues."[4] Efforts such as creating export outreach teams and revamping *www.export.gov* to provide enhanced and expanded access to Webinars and other export-related information on a continuous basis are designed to give SMEs, state and local governments, and other stakeholders information that they need—from a coordinated Federal Government.

Although state export promotion programs have been affected adversely by the economic recession, strengthening federal/state collaboration can help states expand their economies through increasing exports.

Exports matter to every state in the United States. At this critical time in the nation's economy, state and local government leaders rightfully are focusing on economic growth and job creation. Expanding exports can and should play a critical role in state and local economic strategies. For this reason, a critical focus of the 2011 National Export Strategy will be implementing the NEI through greater cooperation with state and local partners.

The State International Development Organization (SIDO) and the Department of Commerce recently conducted a survey of state trade officials about state export promotion activities and the way those activities have been affected by the recent economic recession (Appendix B). Although state export promotion efforts vary greatly, several common themes emerged. First, and most notable, 47 states reported having active trade promotion offices in the United States. However, 30 states reported that trade promotion offices have seen budget cuts in recent years and 25 states have cut or reduced their services as a result. Twenty states reported that they provide grants or loans to companies seeking to attend an international trade mission or trade show or seeking to use the Department of Commerce's Gold Key service. Forty-two states reported having international offices, although the number and locations of those offices vary significantly. States that have international offices average more than four international offices each, with most states choosing to locate their offices in China, Japan, Mexico, Canada, Brazil, and Western Europe.

In the fall of 2010, the Department of Commerce hosted an NEI Governor's Webinar to encourage states to develop export strategies as part of their economic development efforts and to educate state partners on the resources available to support those efforts. State officials responded positively, and several have launched state export initiatives modeled, in part, after the NEI. A state initiative enables state governments to expand the NEI's reach by prioritizing and targeting local opportunities and challenges to export promotion. Examples include implementation of a Farm-to-Market Initiative in the state of Washington that will reward ambitious and achievable proposals to enhance the competiveness of Washington's agricultural enterprises in the global marketplace. Similarly, Kentucky uses an $85,000 grant program to promote the exporting capacity and potential of companies in 54 counties in its Appalachian region.

4 SME Trade Capacity Export Assistance Letter to the President, President's Export Council, March 11, 2011. Found online at *http://www.trade.gov/pec/docs/PEC_SME_Trade_Capacity_Export_Assistance_Letter_031111.pdf.*

The Jobs Act will also help state trade promotion efforts. The Jobs Act authorized the SBA to establish a three-year trade and export promotion pilot initiative. Known as the State Trade and Export Promotion (STEP) pilot grant initiative, STEP offers grants to states to carry out export programs that assist eligible small businesses. The aim of the initiative is to increase the number of small businesses entering the world market and to increase the value of exports for small businesses that are currently exporting. The application period for the initial pilot is March 1, 2011, through May 10, 2011, with awards for the first year of the grant initiative expected to be issued in the summer of 2011. To provide seamless, nonduplicative export promotion assistance, the STEP initiative encourages state recipients to use the resources of other federal, state, and local government agencies and academic and private-sector programs that aid small businesses.

To revitalize its powerful economy, the United States needs to link the macroeconomic goal of increasing exports with the metropolitan reality of export production.

Metropolitan areas produce 84 percent of the nation's exports and are home to unique concentrations of capital, investment, and innovation. According to the Brookings Institution, the 100 largest metropolitan areas alone account for more than 64 percent of the nation's exports, including 75 percent of service exports.[5] Yet, the distinctive role of metropolitan areas is often overlooked. Regional economies do not stop at congressional districts or state boundaries. Moreover, the nature of export data makes it difficult for metropolitan leaders to access a full and accurate picture of an area's industrial export activity, because current export data are based on origin of movement (where goods are shipped from) instead of on where goods are produced.

To address these hurdles and to ensure that the United States' metropolitan areas are full partners in the NEI, the Department of Commerce's ITA, in close coordination with the SBA, Ex-Im Bank, and the Department of Transportation, is seeking to collaborate with the Brookings Institution's Metropolitan Export Initiative (MEI). Brookings has already begun developing new data at the metropolitan level to determine where exports are produced and in which industries. Brookings has identified metropolitan areas that can benefit from a ground-up, collaborative effort to create and implement a Metropolitan Export Plan to assist regional economic growth through the expansion of exports. Federal agency collaborators will serve as subject matter experts in strategic development and will work with metropolitan areas to assist with implementation. Metropolitan areas will be asked to commit to providing the necessary resources, such as organizational and budgetary resources, required for successful implementation once pilots, products, and policies are specified. Through a series of pilot projects, the MEI will seek to single out unique policy challenges that face metropolitan leaders as they seek to implement export promotion efforts.

Border communities offer unique opportunities to expand U.S. exports into Canada and Mexico.

On March 1, 2011, ITA launched the Border Export Strategy as a new component of the NEI. The nation's two largest export markets, Canada and Mexico, play an important role in the larger NEI strategic plan. The Border Export Strategy will increase the export potential and opportunities for U.S. companies doing business along the Canadian and Mexican borders; enhance the community, business, and government networks that make these opportunities viable; and continue efforts to reduce trade barriers that slow down the flow of secure, efficient, and legitimate commerce. As part of this effort, a series of pilot Border Export Leaders Programs will be launched beginning in the San Diego–Imperial Valley region in California based on a model created by the City of San Antonio, Texas. The City of San Antonio developed the San Antonio Export Leaders Program (SAELP) to better leverage its community resources to increase small business exports. The program, designed for companies considering entering or expanding their position in the global marketplace, culminated in two successful trade missions. SAELP has resulted in more than 110 San Antonio companies generating more than $85 million dollars in new exports, and its managers are hoping to expand the program.

5 Emilia Istrate, Jonathan Rothwell, and Bruce Katz "Export Nation: How U.S. Metros Lead National Export Growth and Boost Competitiveness." (Brookings Institution: July 2010), p. 2.

ii. September 2010 NEI Recommendation: Identify and encourage exports by U.S. companies selling technologies in high-growth sectors.

In the 2010 NEI Report to the President, the Export Promotion Cabinet noted that "many countries are targeting key sectors for economic expansion" and said that "TPCC agencies should increase the number and size of trade activities that promote key sector technologies to decision makers in key markets."

In 2011, federal agencies are working with the White House and the business community to create an interagency strategy for increasing U.S. exports in key sectors and markets.

The United States has export-competitive products and services across a wide range of industries. Just as a successful U.S. company develops a global product strategy in addition to country-specific strategies, the Obama Administration is seeking to increase U.S. exports by developing comprehensive global sector strategies and country strategies.

These global sector strategies will help focus government resources on the products and services for which government actions will have the greatest impact. For example, the aerospace sector is both export-intensive (more than 45 percent of total output consistently exported) and significant to U.S employment (supports 770,000 U.S. jobs in thousands of small and large companies). The global marketplace presents tremendous opportunities for growth for this sector, but it also means that U.S. aerospace manufacturers will face many more competitors, some backed by government support, and an increasingly integrated global supply chain. To ensure the continued success of the U.S. aerospace sector, the Federal Government will need to serve as a full partner with industry to address these challenges.

This effort will build upon the strategies being developed by the TPCC for the designated "next tier" markets of Colombia, Indonesia, Saudi Arabia, South Africa, Turkey, and Vietnam. Other target markets include rapidly developing countries like Brazil, India, China, and Russia and mature markets for U.S. exporters including Canada, Mexico, the EU, and Korea.

The Department of Commerce is refining its export policy and promotion efforts in accordance with these strategies including conducting outreach to specific sectors, targeting trade missions and foreign trade shows, and working with the business community to identify policy issues that need to be addressed to strengthen U.S. export competitiveness.

Failsafe has deployed its Integrity Sensor technology to monitor storm erosion along Del Mar, California's coastal rail line.

Export Success

Failsafe Technology, Inc.

Port Townsend, WA

"Our international partners respect the quality of our U.S. made products and they trust the reliability and advancement of our technologies. We are proud and appreciative that our safety technology is saving lives internationally and we hope to broaden our international partnerships in the future."

—Gary L. Schmidt, President/COO

Failsafe Technology, Inc. manufactures innovative safety technology, including safety sensors, emergency communication notifications, and acoustic hailing devices. The firm's flagship product is a safety sensor that senses earth shift under railroad tracks and bridge supports and in other situations where earth slip could lead to disaster. When triggered, the sensor sends an immediate alert and other information through an existing communication system or through Failsafe's wireless system. The U.S. Department of Transportation's Federal Railroad Administration (FRA) assisted Failsafe with product testing and ITA's U.S. Commercial Service offices in Washington, D.C., and Seattle, Washington, facilitated Failsafe's first export to China. This successful venture prompted the Failsafe team to consult the U.S. Commercial Service office in Sydney, Australia, for assistance with finding partners there. Australia, like the United States, has a railroad system, aging infrastructure, and landslip issues caused by extreme weather. Failsafe Technology has successfully exported to three markets and plans are underway to expand exports to others, including India and Taiwan.

Improving the U.S. supply chain infrastructure is necessary to ensure that U.S. businesses are able to transport their goods to export markets.

America's highways, railways, bridges, waterways, runways, and ports are at the beginning of a very long global logistics chain. American businesses cannot participate in the global economy if they cannot get their products out the door. As the PEC noted in a recent letter to the President, there is a broad and deep consensus among U.S. exporters that deficiencies throughout America's transportation system represent a major challenge to the NEI.[6] These deficiencies severely impact the ability of businesses to transport their goods to global markets.

For TPCC agencies, improving and maintaining a globally competitive, user-focused U.S. supply chain infrastructure that is reliable, resilient, and able to offer the necessary capacity is critical to the success of the NEI and to sustained American economic growth. Over the past three decades, leading U.S. executives have reported growing systemic and long-term problems, including overloaded and deteriorating roads and highways, insufficient last-mile and intermodal connections, container shortages, and port and channel chokepoints. These problems have had a dramatic impact on the speed and predictability of export goods movement throughout the United States and the global marketplace. In contrast, Canada, the EU, and other trading competitors have adopted more effective policies to facilitate flows of exports that promote supply chains and national competitiveness.

6 Transportation Infrastructure Letter to the President, President's Export Council, March 11, 2011. Found online at *http://www.trade.gov/pec/docs/PEC_Transportation_Infrastructure_Letter_031111.pdf.*

The Administration has made a tremendous investment in repairing and replacing America's aging infrastructure. As President Obama explained in his 2011 State of the Union address, "Over the last two years, we have begun rebuilding for the 21st century, a project that has meant thousands of good jobs for the hard-hit construction industry." Transportation infrastructure plays an essential role in America's export competitiveness. For many U.S. exports (for example, bulk cargos such as grain), transportation costs are a significant part of the delivered cost of the commodity. Keeping transportation costs low is critical for making these U.S. exports competitive in international trade. For other exports, such as scientific instruments, getting shipments to customers quickly and reliably is critical. For America's exporters to be competitive in the global marketplace and for the NEI to be successful, America's transportation system must enable low-cost, efficient, reliable, multimodal goods movement from domestic producers into and through global supply chains. This effort includes all modes of transportation as indicated by the following:

- Freight rail moves goods in and out of 49 of the 50 states.
- 70 percent of all U.S. freight moves at some point by truck.
- 60 percent of all U.S. grain exports are shipped through the mouth of the Mississippi River.
- In 2009, U.S exports transported by U.S. passenger and cargo airlines equaled $334 billion or nearly 20 percent of all U.S. exports of goods and services.
- U.S. ports support, directly and indirectly, more than 13 million American jobs.[7]
- The U.S. marine transportation system moves nearly 80 percent of the United States' overseas trade by weight and approximately 50 percent by value.[8]

The PEC suggested several steps for the Administration to consider to enhance the export infrastructure in the United States, including conducting a top-down review of the nation's export infrastructure chain to identify weaknesses and chokepoints, identify export infrastructure corridors, prioritize infrastructure projects, secure adequate funding, and work with exporters to address their longer-term structural needs. The TPCC agencies are working to implement many of these suggestions. For example, to better address the challenges faced by those who move goods on the U.S. transportation system, including carriers and shippers, the Departments of Commerce and Transportation entered into a Memorandum of Understanding (MOU) to collaborate with stakeholders to improve the national economy by promoting a competitive and environmentally sustainable supply chain infrastructure. Ensuring appropriate consideration of the potential environmental, health, and social implications of expanding trade will help to mitigate environmental liability risks and will support the long-term viability of international markets and the United States' global trade relationships. In 2011, the Departments of Commerce and Transportation will continue to engage in a series of joint outreach forums, which have so far included meetings with industry supply chain experts in Atlanta, Chicago, Kansas City, and Seattle to solicit stakeholders' views on the nation's top supply chain and goods movement issues and the way these issues should be addressed to facilitate the flow of U.S. exports to overseas customers. This input will be used to help identify America's top freight movement barriers and to strategically address them as part of the U.S. Government's larger national effort to promote domestic policies that are crucial to America's export goals.

Finally, recognizing the importance of environmental sustainability for the supply chain infrastructure, the U.S. Government must continue to incorporate a wide range of perspectives. The mechanisms for doing so may vary in scope and scale. Examples on the interagency side include the TPCC, the Departments of Commerce and Transportation's Secretarial-level Competitive Supply Chain Infrastructure Initiative described above, and the Committee on the Maritime Transportation System. The PEC is the example on the advisory committee side.

7 The five bullets here are taken from the Transportation Infrastructure Letter to the President, President's Export Council, March 11, 2011, ibid.
8 The Nation's seaports exported more than 10 million containers in 2009.

TPCC Recommendation: Pass Surface and Aviation Transportation Reauthorization Legislation.

This year, Congress will be working on reauthorizing both the surface transportation and aviation programs as evidenced by aviation authorization bills that have been passed by the Senate (S. 223) and reported for floor action in the House (H.R. 658). The reauthorizing process enables Congress to address the accumulated infrastructure deficit hampering exports. A desired result would be one that is both crossmodal (supporting all the transportation modes that affect U.S. competitiveness in international trade) and intermodal (addressing the requirements of ports, intermodal yards, and "last mile" connections in which export cargos are handed off from one mode to another). Finally, there must be a way of focusing infrastructure investments on the parts of the system that can have the greatest payoff in enhancing U.S. economic competitiveness.

TPCC Recommendation: Expand Export Container Availability.

Facilitating the flow of ocean containers to America's rural exporters remains a concern to the export industry. As noted in the September 2010 NEI Report, many exporters are farmers and manufacturers located in rural areas. A number of underlying factors (such as global container shortages, changes in domestic and global container flow patterns, high domestic container movement costs, and carrier equipment practices) often make it costly for exporters to gain access to the containers they need to meet the worldwide demand for their products. As mentioned earlier, transportation costs are a significant part of the delivered cost of goods for many of these exporters and keeping transportation costs low is critical to keeping exporters competitive in international trade. As a first step in addressing this issue, in December 2010 the Federal Maritime Commission (FMC) completed a fact-finding investigation of vessel capacity and container availability issues, identifying a number of FMC resources that shippers and carriers can voluntarily use to resolve availability problems.[9] The FMC also approved a recommendation to form a container availability working group that will collaborate with all parts of the intermodal industry to develop additional solutions to these issues for U.S. exporters. In order to provide U.S. agricultural exporters with data on the availability of containers, the Department of Agriculture's Agricultural Marketing Service is proposing to collect data on a voluntary basis from ocean container carriers and provide these up-to-date data in an aggregate report on its Web site.[10]

iii. September 2010 NEI Recommendation: Increase the budget for trade promotion infrastructure.

The President's FY 2012 budget requests the following amounts to help implement the NEI:

- A $20 million funding increase for the U.S. Department of Agriculture (USDA) to expand export outreach to SMEs, strengthen resources for the Foreign Agricultural Service (FAS) overseas staff in key agricultural export markets, and increase trade negotiation and enforcement activities.
- A $19 million increase for Ex-Im Bank to support additional demand resulting from the NEI. The Administration also approved a program budget of $76.4 million in FY 2012, which will support $32 billion in lending activity. Because Ex-Im Bank collections exceed Ex-Im Bank expenses, there is no appropriations request.
- $212 million in subsidy budget authority for SBA to support, among other things, $24 billion in loan guarantees in the Section 7(a) and 504 programs, which offer a number of loan products to help small businesses develop or expand their export activities. The budget also includes $8.3 million for SBA's Office of International Trade to continue its small business export promotion efforts.
- $78.5 million for the Department of Commerce's ITA to expand its staff in critical foreign markets (to help companies take advantage of opportunities and address barriers to exporting), to improve *www.export.gov* (so that companies can better navigate the site), and to launch a new nationwide export education and awareness campaign (export conferences tailored to SMEs to get them to enter high-growth markets).

9 Fact-Finding Investigation No. 26: Vessel Capacity and Equipment Availability in the United States Export and Import Liner Trades (Federal Maritime Commission).
10 Department of Agriculture, Notice of Request for Approval of a New Information Collection: *http://www.gpo.gov/fdsys/pkg/FR-2011-04-01/pdf/2011-7757.pdf.*

iv. September 2010 NEI Recommendation: Ensure that there are better data and measurement of the U.S. services economy.

The United States is the world's largest services[11] market and the leading services-exporting country, with exports of services totaling $546 billion in 2010. A highly competitive services sector has allowed the United States to enjoy a consistent surplus in services trade. The current surplus of $151 billion is larger than that of any other country.[12] As the PEC has noted, "as the world's economy becomes more knowledge-based, services will become an even more important component of the U.S. export portfolio."[13]

The services sector employs 90.6 million people in 6.4 million companies located in every state—over 83 percent of U.S. private sector employment. Despite the services sector's major contribution to U.S. GDP, services exports accounted for only 29.7 percent of total U.S. exports in 2010. Accurately measuring services trade is challenging and will require the development of new and creative methods to capture relevant data. Excluding some sectors, such as travel and tourism, data regarding trade in services are not as comprehensive as data about trade in manufactured goods.[14] This lack of sufficient services data makes it difficult to measure the true impact of individual services subsectors. In addition, poor data may cause underreporting in the number of jobs that the services economy supports and the size and extent of services exports employment. Finally, poor data at the state and local level complicate the Federal Government's ability to strategically engage the states on services.

Good decisions are facilitated by good data. The EPC and the PEC have recommended that services data and measurement be improved as part of the NEI. The TPCC agencies, led by Commerce, are focused on strengthening the measurement of services activity and trade to assist in commercial decision making and policy planning. On September 14, 2010, the Department of Commerce held a Services Trade Data Conference with strong support from the Bureau of Economic Analysis (BEA), the U.S. Census Bureau, and the Bureau of Labor Statistics (BLS). The purpose of the conference was to discuss data needs in services industries, changes in the way data are gathered and reported, and possible uses of private sector techniques or resources. Going forward, industry groups will meet and work with the Department of Commerce to prioritize ideas for data improvements. For example, legal firms want to provide a list of the top 100 legal services firms in the United States to BEA to improve the statistical sample set and change "buckets" of data being collected to better present information useful to legal services firms. Commerce will also continue to work to advance dialogue with innovative data collectors such as HP, Oracle, ComScore, Visa, American Express, and Microsoft to determine if the private sector can help to provide services data. Other activities advancing understanding of services trade include the OECD's new Services Trade Restrictiveness Index (STRI)[15] and the U.S. Department of Transportation's Freight Analysis Framework.[16]

TPCC Recommendation to Congress: Improve services data collection by amending 26 USC 6103(j) to permit federal tax return information to be shared with the BLS.

Current law prohibits sharing of key data among the three principal economic statistical agencies: the Census Bureau, the BEA, and the BLS. BEA estimates that between $20 billion and $40 billion of services exports are overlooked because of the inability to identify gaps in the BEA, Census Bureau, and BLS business lists. BEA is responsible for the collection of data on trade in services. To do this, it utilizes quarterly, annual, and benchmark surveys. At issue is the universe of survey respondents whose firm identifier information is in BEA's database. In short, BEA can only request survey responses from companies it knows exists and engage in trade.

11 The services sector includes financial (banking, securities, and insurance), telecommunications, computer, energy, environmental, express delivery, transportation and distribution services, audiovisual, construction, professional (architecture, engineering, accounting, and legal), health care, education, and travel and tourism services.

12 Other major services exporters include the EU, United Kingdom, China, Japan, Singapore, and India. These major exporters are also the largest importers of U.S. services exports. Although Europe is the largest importer of U.S. services exports, there are more than 20 individual country markets, in Asia, Africa, the Middle East, and Latin America, which import more than $1 billion in U.S. services each year.

13 Services Data Letter to the President, President's Export Council, December 9, 2010. Found online at *http://www.trade.gov/pec/docs/PEC_Services_Data_Letter_120910.pdf.*

14 Available data on services trade is inadequate in scope, too general, and not disaggregated enough to enable detailed analysis of trade flows.

15 The OECD is undertaking new analysis of how various barriers might impede trade in services through its STRI. Work is almost complete on a number of pilot sectors including telecommunications, professional services, computer services, and construction services, and the STRI coverage will soon be expanded to additional sectors and countries. The STRI is a tool that could be used by policy makers to further open trade in services.

16 In July 2010, DOT's Federal Highway Administration released the Freight Analysis Framework (FAF). The FAF integrates into the Census Bureau's Commodity Flow Survey (CFS) multiple publicly available data sources (e.g., Waterborne Commerce and Rail Waybill Sample) and other data that falls outside the scope of the CFS (e.g., fish and timber). The FAF is the most comprehensive database of freight movements in the United States and can be used to identify current and likely future freight bottlenecks and to assist freight planning and transportation infrastructure investment decision making. The next FAF is due to be released in 2015.

At BEA's request, the Census Bureau includes a question related to trade in services on the Economic Census—the responses help inform BEA's sample frame. However, current law prohibits the Census Bureau from sharing identifying information of noncorporate firms that reported services exports. Thus, BEA can gauge the magnitude of the undercount, but cannot implement a solution. Ideally, the Census Bureau and BEA could "compare notes" and establish data linkages such that when a firm is identified as an exporter by one agency it becomes known to the other.

A legislative alteration of 26 U.S.C 6103(j) permitting BEA and BLS access to Federal Tax Information (FTI) regarding business identifiers would address this issue and allow the BEA, the Census Bureau, and the BLS to synchronize their business lists and significantly improve the consistency and quality of sensitive economic statistics, including productivity, payroll employment, and average hourly earnings.

Removal of Barriers to Trade

v. September 2010 NEI Recommendation: Resolve remaining issues with, and seek Congressional approval of, the pending FTAs with Korea, Panama, and Colombia

TPCC agencies, led by USTR and the Department of Commerce, are working to promote and enforce U.S. trade agreements to improve market access for U.S. farmers, entrepreneurs, and businesses in every state. Now more than ever, America's ability to support additional jobs here at home depends on its ability to export goods and services to the world. Trade agreements, such as the pending KORUS, Panama, and Colombia trade agreements, deliver benefits to every state. For example, the KORUS trade agreement is expected to increase annual exports of American goods by up to $11 billion, and it will eliminate tariffs on more than 95 percent of U.S. exports of industrial and consumer goods to Korea within five years. Duties on nearly two-thirds of U.S. agricultural exports to Korea will be eliminated immediately for a market that is already the fifth-largest for U.S. farm products.

On the basis of tariff cuts and adjustments alone, the U.S. International Trade Commission estimates that America's economic output will grow more from the KORUS trade agreement than from the United States' last nine trade agreements combined. Advancing this agreement will secure the tens of thousands of American jobs supported by those exports, as well as the additional American jobs that will come from further access to Korea's $580 billion services market, from breaking down non-tariff barriers that keep U.S. exports out of Korea and from stronger protection and enforcement of IPR in Korea.

U.S. exports support U.S. jobs, and trade agreements support additional jobs in every state. In the case of the KORUS trade agreement, manufacturers of medical equipment, information technology, environmental goods, and machinery located in every state depend on the Korean market for export sales and export-related jobs. Manufactured goods account for 81 percent of American goods exports to Korea, and, according to the National Association of Manufacturers, manufacturing exports to Korea supported 230,000 American jobs in 2008. The reduction of Korea's tariffs on American manufactured goods is expected to accelerate U.S. exports and related jobs. For example, the National Association of Manufacturers believes American exports of machinery and equipment—already one of the United States' top exports to Korea—will increase by more than a third under the KORUS trade agreement.

Impact of the KORUS Trade Agreement on California

Passing the KORUS trade agreement and the Colombia and Panama trade agreements will benefit workers and businesses located in states like California, home to a large number of computer and electronics, machinery, and transportation equipment manufacturers:

- *Computer and electronic equipment.* Between 2008 and 2010, computer and electronics exports from California to Korea averaged $1.8 billion per year. Top U.S. exports in this sector, many manufactured by California businesses, included digital integrated circuitry, semiconductors, semiconductor manufacturing equipment, telecommunications equipment, radio and television parts, static converters, and magnetic tape.
- *Machinery.* During that same time period, California-based machinery-manufactured exports to Korea averaged $1.4 billion per year. Many machinery manufactures will receive duty-free treatment immediately upon entry into force of the agreement, including products such as refrigeration compressors, valves, renewable energy equipment, air pollution control equipment (pumps), water filtering and purifying equipment, piston engines, and engine parts. One hundred percent of agricultural and construction equipment (including tractors, lawn mowers, straw balers, conveyors, loaders, bulldozers, mechanical shovels, boring and sinking machinery, derricks, and dumpers) will continue to receive duty-free treatment. The elimination of Korean tariffs on U.S. machinery manufactures will provide a competitive boost to California companies and other exporters throughout the United States. They will no longer face tariffs that are as high as 13 percent.
- *Transportation equipment.* Transportation equipment is an important California export. Between 2008 and 2010, California transportation equipment exports to Korea averaged $581 million per year. With the KORUS trade agreement, duties on most transportation equipment products will be eliminated immediately, including duties on nearly 68 percent of automotive exports, more than 92 percent of aircraft and related parts, and more than 99 percent of shipping and transportation equipment. Duties on the remaining transportation equipment products will be eliminated over three or five years.

With the immediate removal of many of these tariffs, U.S. exports will become much more competitive and affordable to Koreans, benefiting California businesses and workers.

Businesses, farmers, and workers in agricultural states will also benefit from the KORUS trade agreement and other trade agreements. According to the American Farm Bureau Federation, American farmers' and ranchers' exports to Korea will increase by as much as $1.8 billion every year under the KORUS trade agreement from expected increases in sales of grain, oilseed, fiber, fruits, vegetables, and livestock products. Koreans bought $5.3 billion in U.S. agricultural products in 2010, making Korea the fifth-largest agricultural export and fourth-largest market for U.S. beef exports.

Impact of KORUS Trade Agreement on Oregon

The benefits of trade, and of trade agreements, extend to the entire nation, including to states such as Oregon.

Agriculture. Oregon's agricultural exports to all countries, estimated at $1.3 billion in 2009, supported about 10,920 jobs on and off the farm. These export sales make an important contribution to Oregon's farm economy, which had total cash receipts of $3.9 billion in 2009. The KORUS Trade Agreement eliminates tariffs and other barriers for most agricultural products, increasing export opportunities for U.S. agricultural products such as fruits and fruit products, beef, grains, vegetables, and dairy products. With immediate elimination of duties on nearly two-thirds of U.S. agricultural exports to Korea, the KORUS trade agreement gives exporters in Oregon improved access to the Korean market for many of the products that have been highly protected.

TPCC Recommendation: Pass Korea, Colombia, and Panama Trade Agreements with outstanding issues resolved.

In addition to spreading benefits to companies located in each state, trade agreements also help enable U.S. businesses to remain competitive in the global marketplace. America used to be Korea's biggest trading partner. Since 2003, China and Japan have overtaken the United States in exports to Korea. The United States' share of Korea's import market for goods fell from 15.7 percent in 2001 to just 9.5 percent in 2010. During that same period, China's market share in Korea increased from 9.1 percent to 16.8 percent. The KORUS trade agreement will help strengthen the competitiveness of American companies and American workers in the Korean marketplace, ensuring that more of the goods and services sold there are made in America by American workers. Those benefits will be in jeopardy if the United States does not pass the KORUS trade agreement, while Korea moves forward on agreements with the EU, Australia, and other countries.

At the President's direction, in early 2011 the Administration also intensified its engagement with Colombia to resolve the outstanding issues related to the trade agreement. As a result of these intensified efforts, the Administration secured commitments from the Government of Colombia that address these concerns. On April 7, President Obama and President Santos announced an agreement on an Action Plan that significantly expands the protection of labor activists and organizers, bolsters efforts to punish those who perpetrate violence against such persons, and strengthens labor laws and their enforcement.

The Action Plan contains specific, detailed actions that, when taken by Colombia, will allow the Administration to move the trade agreement forward for Congressional consideration. Under the Action Plan, for example, the Colombian Government has committed to: (1) take aggressive steps to prevent and penalize the misuse of cooperatives as a way for companies to keep workers from becoming direct employees and enjoying labor rights; (2) double the number of labor inspectors by hiring 480 new inspectors, launch anonymous complaint hotlines and focus enforcement initiatives on vulnerable sectors; (3) amend the Colombian criminal code to criminalize anti-union threats and discrimination; (4) increase resources, expand training, and improve procedures to secure more effective prosecution of labor violence cases; and (5) address the undermining of existing unions' right to organize and collectively bargain; and (6) broaden access to protection programs for labor activists and organizers under threat of violence. At each step, the Administration will work closely with the Colombian Government on implementation and on jointly assessing progress.

Moving forward with the Colombia trade agreement will greatly benefit U.S. exporters by increasing access to the third largest economy in South America. The Colombia trade agreement is expected to increase U.S. annual exports by more than $1.1 billion and to increase U.S. GDP by $2.5 billion. Over 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with the remaining tariffs phased out over ten years. The agreement will also immediately eliminate duties on almost 70 percent of U.S. farm exports to a market to which the United States exported $832 million of agricultural products in 2010. The agreement will also provide significant new access to Colombia's $134 billion services market, supporting increased opportunities for U.S. service providers and additional American jobs.

The Colombia trade agreement will also enable U.S. businesses to remain competitive in this important market. In 2009, Colombia implemented a trade accord with Mercosur (Brazil, Argentina, Paraguay, and Uruguay) and will soon implement trade agreements with Canada and the EU. With U.S. exporters facing an average tariff of over nine percent, while many products from these other countries will enter duty free, U.S. products risk being left at a competitive disadvantage.

The Administration also intensified its engagement with Panama in order to address outstanding issues relating to labor laws and tax transparency. Panama is one of the fastest growing economies in Latin America, expanding by three percent in 2009 despite the global recession and by over six percent in 2010. Panama has now approved legislation to ensure that labor rights are respected in export processing zones and to eliminate restrictions on collective bargaining in companies less than two years old. It also passed legislation to ensure that companies in the Barú special economic zone will no longer be exempt from key labor rights provisions. Panama has also strived to improve its tax transparency practices, ratifying a Tax Information Exchange Agreement (TIEA) with the United States that is consistent with internationally agreed standards as established by the OECD. On April 18, 2011, Ambassador Kirk sent a letter to Congress noting that USTR had completed its preparatory work on the Agreement and stood ready to begin technical discussions with Members of Congress on the draft implementing bill and draft Statement of Administrative Action.

III. NEI Progress to Date

Section III expands on the 2010 NEI Recommendations summarized earlier in Section II and highlights other key initiatives that show great promise and areas where the TPCC agencies have made great progress, including case studies that illustrate how these initiatives are beginning to bear fruit. A detailed list of progress made for each of the 70 NEI recommendations can be found in Appendix A. Recommendations in this section and in Appendix A are grouped according to the eight NEI Priority areas as described in the NEI Executive Order:

Priority 1: Exports by Small and Medium-Sized Enterprises (SMEs)
Priority 2: Federal Export Assistance
Priority 3: Trade Missions
Priority 4: Commercial Advocacy
Priority 5: Increasing Export Credit
Priority 6: Macroeconomic Rebalancing
Priority 7: Reducing Barriers to Trade
Priority 8: Export Promotion of Services

Priority 1: Exports by Small and Medium-Sized Enterprises (SMEs)

As highlighted in the NEI Report to the President, SMEs are the biggest drivers of jobs and new job creation, yet they face a wider range of resource constraints than large firms, limiting their ability to participate in global trade. It is essential both to national economic recovery and U.S. global competitiveness that U.S. small businesses participate more actively and effectively in export markets. SMEs represent 99.7 percent of all employer firms, employ just over half of all private sector employees, and have generated 65 percent of net new private sector jobs over the past 17 years.[17]

The Federal Government can encourage and facilitate SME exports by raising public awareness of export opportunities and available assistance and by directing export promotion and financing services to address the changing needs of exporters. TPCC agencies are realigning their programs and services to more effectively identify, prepare, connect, and support SME exporters.

September 2010 NEI Recommendation: Conduct a National Outreach Campaign.

The Export Promotion Cabinet has launched a series of high-profile conferences to inform and engage small businesses in 2011.

- ***New Markets New Jobs NEI Small Business National Tour.*** The Export Promotion Cabinet has embarked on a multi-city export outreach campaign organized by the Department of Commerce intended to educate over 3,500 small and medium-sized companies about export opportunities and directly connect them to federal and state export resources. Agencies participating include the Departments of Commerce and Agriculture, SBA, the U.S. Trade and Development Agency (USTDA), Ex-Im Bank, and USTR. The first three conferences, held in Minneapolis, Minnesota; Los Angeles, California; and New Orleans, Louisiana, have reached over 700 companies.
- ***Small Business Global Access Initiative.*** On January 13, 2011, Ex-Im Bank launched Small Business Global Access in partnership with the National Association of Manufacturers, the U.S. Chamber of Commerce, and several financial institutions active in small business lending. This series of nationwide forums is helping exporters, especially small businesses, better use tools offered by Ex-Im Bank and other TPCC agencies. Events include presentations by Ex-Im and other export agency principals, members of Congress, successful small business exporters; panels of local Ex-Im Bank, SBA and Department of Commerce staff; and one-on-one counseling by Ex-Im Export Finance Managers. Events are held in collaboration with elected officials, federal and local government agencies, lenders, and insurance brokers. Ex-Im plans at least 20 events in 2011, and has completed 9 events to date. Each of these events has attracted more than 100 participants, and Ex-Im Bank has already supported export orders through leads generated at these events. As part of the Global Access outreach, Ex-Im has set aggressive small business goals for itself over the five years that correspond to

17 *http://www.sba.gov/Advocacy*, SBA Office of Advocacy Frequently Asked Questions, January 2011.

the NEI: $9 billion in annual small business volume in five years (in FY 2010 Ex-Im approved $5 billion in small business credit), 5,000 new small business customers (Ex-Im has added more than 800 new small businesses thus far), $30 billion in cumulative financing, and $58 billion in exports financed.

- ***Take Your Business Global:*** Small businesses seeking to grow and create jobs through exporting can turn to new, free educational videos created through a partnership between the SBA, Inc. Magazine, and AT&T. This public-private partnership developed a series of video modules to inspire and encourage American small businesses to pursue exporting and to educate them on how to do so. The video series features five main topics that guide small businesses through the process of exporting: Getting Started in Exporting, Planning for Export Success, Connecting with Foreign Buyers, Financing, and five case studies of successful small business exporters. The videos also provide an overview of federal export programs to assist new-to-export small businesses.

September 2010 NEI Recommendation: Coordinate, expand, and leverage federal outreach resources to identify potential exporters.

Interagency Client Intake and Referral Process. Working closely with SBA, the Department of Commerce's ITA has designed a single, uniform method for identifying and referring new clients to the most appropriate local resource or TPCC export promotion service provider. ITA developed an enhanced client intake registration form on *www.export.gov*, the Federal Government's export assistance Web portal, which will allow the TPCC agencies to track how current exporters or potential exporters heard about the Web portal. More important, the registration form enables agencies to more accurately identify new-to-export and new-to-market U.S. companies and refer them to the most appropriate federal resources for personalized service. Once registered, companies will also receive a free three-month subscription to the U.S. Census Bureau's USA Trade Online and be positioned to receive customized marketing information in the future.

The new *www.export.gov* registration form went live on December 17, 2010. ITA's U.S. Commercial Service is following up with new-to-market registrants and tracking services provided to these new clients. The Department of Commerce and SBA are designing a followup process for new-to-export companies as well. TPCC agencies are fully on-board with this new process and are asking companies with whom they interact to register on *www.export.gov*. Through this new process, TPCC agencies also have in place a more comprehensive and manageable tool that allows them to conduct coordinated and targeted outreach to current and potential exporters.

September 2010 NEI Recommendation: Implement a program to "Train the Trainers."

On September 27, 2010, President Obama signed the Jobs Act into law. The new law provides critical resources to help small businesses continue to drive economic recovery and create jobs. Under the Jobs Act, SBA is required to establish an export and trade counseling certification program to certify employees of lead Small Business Development Centers (SBDCs) and Women's Business Centers (WBCs) in providing export assistance for small businesses. TPCC agencies are helping to mold these efforts into a coordinated U.S. Government export training regimen.

- ***Local Export Outreach Team Workshops and Networks.*** SBA, in close collaboration with the Department of Commerce and the TPCC Secretariat, has conducted three successful pilot workshops to date in Baltimore, Maryland (in July 2010); Washington, D.C. (in November 2010); and Minneapolis, Minnesota (in February 2011). An interagency planning team designed the program and completed a model Facilitator's Guide. The Facilitator's Guide enables an accelerated launch of the local Export Outreach Teams by providing a complete approach to the training and networking workshops. Interagency staff members from the local U.S. Export Assistance Centers (USEACs) often participate in panels with local public and private international trade experts to provide basic training on international trade and access to a resource network for referral. The goal over the next few years is to create a local Export Outreach Team in each of SBA's 68 District Offices, led by their resident District International Trade Officer (DITO). Export Outreach Teams, reached through the DITO network are expected to play a key role in supporting the client intake facilitated through *www.export.gov* (see client intake in the previous recommendation). In addition, SBA has changed the performance criteria of the 68 DITO positions nationally, requiring them to devote more of their time to export promotion. The Baltimore; Washington, D.C.; and Minneapolis events each drew about 50 local business counselors, including representatives of SBDCs, SCORE, District Export Councils (DECs), state and local government (for example, city and county economic development corporations), as well as SBA and Department of Commerce local representatives. DITOs conduct periodic followup conference calls and meetings for their resource networks to make sure members are aware of upcoming activities and to facilitate collaboration.

- ***Association of Small Business Development Centers (ASBDC) Annual Conference.*** With the full backing of the ASBDC, SBA, and TPCC, the San Antonio Annual Conference in September 2010 more than doubled the number of international trade training sessions (to 11) and participants (to 100) in the TPCC International Certificate Course. Planning is underway to expand the program at the next ASBDC Conference in September 2011 in San Diego, California. The ASBDC's growing commitment to export counseling is bolstered by the recently enacted Jobs Act requiring SBA to certify SBDC and WBC employees in international trade. Pursuant to the Jobs Act, the TPCC and the Department of Commerce are working with SBA's Offices of International Trade and Entrepreneurial Development to create an online test to follow the ASBDC TPCC Certificate training. 2011 ASBDC training will also include workshops on how to turn a regular SBDC into an International Trade Center SBDC (ITC/SBDC). These are specialty centers within SBDC networks dedicated specifically to providing international trade services.
- ***Basic Guide to Exporting Webinars Produced by the Department of Commerce.*** To make export training available to the thousands of local business counselors unable to attend in-class programs, the Department of Commerce and SBA are also developing both basic and intermediate Webinar training programs for counselors based on the Department of Commerce's already successful 15-part Webinar series. The Webinar series is based on ITA's *Basic Guide to Exporting* publication. These Webinars will represent a critical component in the U.S. Government's overall offering of beginner and intermediate training on international trade. The same online test used to evaluate TPCC in-class training at the annual ASBDC Conferences (see above) will also be used for participants in the Webinar series. As such, SBDC and WBC counselors will have the option of in-class training, online training, or a combination of the two. Key knowledge elements for basic and intermediate levels will be tested. The National Association of Small Business International Trade Educators (NASBITE International) remains the recognized source for advanced-level certification.

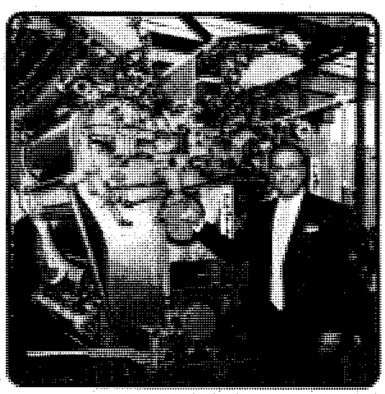
September 2010 NEI Recommendation: Implement bilateral and multilateral SME-to-SME initiatives.

***FTA Tariff Tool Launched on* www.export.gov.** FTAs can be important for SMEs, but SMEs may not be aware of the benefits available to them from reductions in tariff rates, non-tariff barriers, intellectual property protection, and improvements in business transparency. Improved services facilitating access to information about FTA trading partners will deepen SME-to-SME engagement in these markets.

The Department of Commerce's ITA developed over the past year a new online capability to help U.S. small businesses, stakeholders, and the public take better advantage of new export opportunities with the 17 U.S. FTA partners. In April 2011, the Department of Commerce, USTR, and SBA launched the "FTA Tariff Tool" on *www.export.gov/FTA/FTATariffTool/* as a powerful new means for SMEs to take greater advantage of FTA markets. The FTA Tariff Tool empowers the user to perform, instantly and at a glance, industrial product searches for tariff treatment under U.S. FTAs. The tool shows the individual product's tariff applied on the date the FTA entered into force and the rates for each subsequent year as the tariffs are eliminated under the agreement, which can help small manufacturers with forward planning for entry into new export markets. The tool also enables the user to access market and sector reports and other FTA-related information useful for SMEs seeking new export opportunities.

The TPCC agencies, including the Department of Commerce, USTR, SBA, and USDA, have helped to review the tool's usability and to begin developing other FTA content and functionality for *www.export.gov*. A recommendation of the Industry Trade Advisory Committee for Small and Minority Business (ITAC 11) had been for the U.S. Government to provide an export database of foreign countries' tariffs so that SMEs can take better advantage of reduced duties in FTA markets and to alleviate the difficulty of interpreting texts of agreements. The new FTA Web tool addresses this recommendation and will make the benefits flowing from these trade agreements more accessible to SMEs.

In the coming year, the TPCC Small Business Working Group will continue to work to improve FTA information and services for SMEs. Agencies may want to further enhance the FTA Tariff Tool's usefulness by including product-specific rules of origin, customs documentation, and other practical information. Future enhancements may also include the addition of agricultural and textiles tariffs. In anticipation of a complete relaunch of the *www.export.gov/fta* front page, ITA is working to develop country-by-country FTA resources that will include the latest news and events, market research and trade data, success stories, and compliance resources. Ex-Im Bank is also exploring ways to inform its clients, particularly small businesses, of improvements in market access and to help them with financing tools to export to FTA countries.



Lee Milazzo, President of Perm Machine & Tool Co., with a printing press sold to a food canning industry customer in Peru.

Export Success

Perm Industries

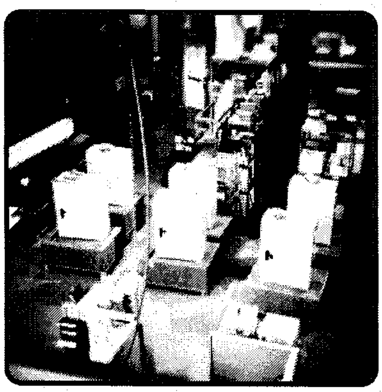
St. John, IN

Perm Industries, Inc. is a small manufacturer of coating machines and printing presses for the food canning industry. Looking to make its first sale to Peru, one of the United States' FTA trading partners, the company sought guidance from the U.S. Export Assistance Center office in Indianapolis to secure Ex-Im Bank financing and conduct a background check on its prospective Peruvian customer. With help from Ex-Im Bank and ITA's U.S. Commercial Service office in Lima, Peru, Perm secured financing to complete the sale and was able to verify the legitimacy of the Peruvian customer through a U.S. Commercial Service international company profile report. As a result, Perm completed a $1.7 million sale to Packaging Products del Peru.

September 2010 NEI Recommendation: Provide trade finance counseling.

Access to credit remains a major issue for exporters, especially small businesses. As described in more detail under Priority 5, the trade finance agencies—Ex-Im Bank, USDA, and SBA—have taken steps to expand or maximize the use of their export credit programs. Several initiatives target small businesses. Ex-Im Bank's new Express Insurance speeds and simplifies the application process. Ex-Im's Supply Chain Finance program enables suppliers to U.S. exporters to access attractively priced credit and better manage their working capital. SBA's raised limits on its Export Express, Export Working Capital, and International Trade Loan programs plug important funding gaps for many small businesses at various stages of export experience. Given the continued tightness of international trade credit, it is critical that the TPCC agencies do more to counsel small businesses on these programs. Therefore, a major goal for SBA, Ex-Im Bank, and the Department of Agriculture's Commodity Credit Corporation is to increase the availability of on-the-ground, export finance counseling and training at domestic and international trade shows, where U.S. exhibitors meet directly with foreign buyers. By providing timely information about trade financing options, these agencies are giving U.S. companies the support and assurance they need to structure payment terms in a way that can win immediate sales.

The export financing agencies are also collaborating with the Department of Commerce's trade show programs. The Department's International Buyer Program is instrumental in bringing buying delegations from around the world to large domestic trade shows and arranging meetings between U.S. exhibitors and foreign buyers. Staff members from the export financing agencies are now counseling U.S. companies at these trade shows so companies are aware of U.S. Government financing options. TPCC agencies involved in these types of trade shows have developed an Export Pavilion that serves as the U.S. Government's one-stop shop booth at many shows. The export finance agencies are also participating in select major international trade shows to provide the same help to U.S. exhibitors closing deals. During FY 2011, the three export financing agencies plan to provide counseling and training at more than 75 domestic International Buyer Program shows and international trade fairs.



CellAntenna jamming equipment.

Export Success

CellAntenna Corporation

Coral Springs, FL

"We competed head-to-head with a Belgium company and won. The ability for us to state to the Australians that we have financing in place made a big difference in the Australians' decision."

—Howard Melamed, CEO

CellAntenna Corporation is a woman-owned small manufacturer of cell phone jamming and control technology. With 18 employees, the firm has managed to ride out the downturn in the economy over the past couple of years, but was concerned about the lack of financing available to help it expand export sales. As a result, the company soon found itself at a disadvantage compared to other foreign players in the field.

Fortunately, CellAntenna's prospects changed after the company learned about SBA finance programs and Ex-Im Bank credit insurance. CellAntenna applied and received a credit insurance policy from Ex-Im Bank to mitigate its risk, and make it more competitive when selling to overseas buyers on open account terms. Next, they applied for a $250,000 line of credit from SunTrust Bank using the SBA's Export Working Capital loan guaranty program.

With both programs in place and buttressed by help from the U.S. Departments of State and Commerce, which connected the firm with the right players overseas, the future looks bright for CellAntenna. With the SBA Export Working Capital line behind them, CellAntenna has quoted more than $4 million worth of overseas projects. The State Department, working with the Advocacy Center, provided advocacy support for CellAntenna on projects in Israel and Trinidad and Tobago.

CellAntenna recently closed a $100,000 deal with Australian New South Wales Prison system. "Having the credit facility of $250K makes it easy for us to produce the equipment while receiving orders from countries around the world," says CellAntenna CEO Howard Melamed. With collaborative help from U.S. Government agencies and the company's diligence, CellAntenna is growing its export sales and is now looking to hire additional engineers and sales people.

September 2010 NEI Recommendation: Technology upgrades.

In September 2010, *www.export.gov* was revamped to give it a fresh appearance, introducing two new service channels—named Begin and Expand—to help U.S. companies export their products and services. The Begin channel guides new-to-exporting companies through a self assessment to determine their export readiness level. After determining the export readiness level, Begin directs exporters to training opportunities and other areas of the *www.export.gov* Web site that contain introductory information on exporting. The Expand channel helps companies that are already exporting to expand into new markets by providing information on a variety of market opportunities. Additionally, the *www.export.gov* revamp introduced U.S. companies to the *www.export.gov* social media accounts on Twitter and Facebook. Webinars and other training opportunities are examples of the types of export information that are available through the *www.export.gov* social media channels. These channels are also actively monitored and customers are encouraged to post questions and inquiries. Customer posts are generally responded to within the next business day. Since September 2010, *www.export.gov* has added over 350 new Twitter followers per month, reaching a total of 5,000 followers in May 2011. The Twitter launch has been successful, with a re-tweet level of 160 percent, extending the reach of *www.export.gov* to over 100,000 users per month. The Department of Commerce's ITA hosts *www.export.gov* on behalf of the TPCC, working closely with TPCC agencies to include multiple agencies' content in one simplified format. In addition, many of the TPCC agencies have revamped their own Web sites to provide a more effective user experience. Ex-Im Bank's new home page, for example, uses techniques similar to those of *www.export.gov* to more effectively direct small companies that are new to Ex-Im Bank, new to exporting, or current customers.

Priority 2: Federal Export Assistance

The Federal Government works with U.S. companies to help them enter foreign markets through a variety of export assistance programs that connect U.S. businesses to market opportunities. Federal Government agencies also have field-based staff members to connect prospective U.S. exporters with potential foreign buyers. The September 2010 NEI Report contains a series of recommendations focusing on better coordinating U.S. Government assistance efforts as well as expanding the programs that increase opportunities that match foreign buyers with U.S. companies.

September 2010 NEI Recommendation: Emphasize the New Market Exporter Initiative.

The Department of Commerce's New Market Exporter Initiative is a strategic marketing partnership with America's top three major package couriers (FedEx, U.S. Postal Service, and UPS). The partnerships are actively supported throughout the management chain in these organizations, from corporate-level executives and senior vice presidents, to the customer service and sales agents.

These partners have been marketing the NEI, the benefits of exporting, and the value of federal trade promotion resources to a select group of 24,000 SME exporters since the summer of 2010. As a result, the New Market Exporter Initiative campaign helped train more than 2,200 partner company employees with responsibilities related to international sales on how to encourage these SMEs to enter additional international markets. To date, nearly 25,000 companies have been touched that employ an estimated 1.4 million workers. Initial reports from the couriers indicate a significant increase in export-related sales and additional foreign markets entered for their exporting clients. Almost 1,000 of these companies have registered directly with ITA's U.S. Commercial Service for immediate export assistance. With this success, planning is underway with each courier partner to expand the scope of their efforts. At the end of 2010, a fourth partnership was launched with the National Association of Manufacturers focusing on SME manufacturers. Plans are in place to include new partners in 2011, such as regional banks and airlines.

An assortment of products from Nikki's Cookies, a small Wisconsin firm that expanded exports to China.

Export Success

Nikki's Cookies and Confections

Milwaukee, WI

"We took advantage of the Program funds to help with the cost of conducting in-store promotion for our cookies in China. We made actual sales of $70,000 in 2010."

—Nikki Taylor, owner of Nikki's Cookies and Confections

For 25 years, Nikki's Cookies and Confections, has been baking a full line of shortbreads, chocolate layered cookies, and holiday specialty products. Most of its cookies are all-natural and Kosher, with no preservatives added. With assistance from the USDA's Market Access Program (MAP), working with the Food Export Association of the Midwest USA on an in-store promotion in China, the company increased new-to-market sales to $70,000 in 2010, thus creating additional jobs and increasing opportunities for additional sales from its U.S. suppliers. The USDA administers the MAP to share costs of overseas marketing and promotional activities.

September 2010 NEI Recommendation: Recruit more potential foreign buyers to U.S. trade shows and create additional opportunities for partnerships between foreign buyers and U.S. companies.

The Departments of Agriculture, Commerce, and State operate programs to recruit potential foreign buyers to major trade shows in the United States. These programs match foreign buyers with U.S. companies, giving U.S. companies a cost-effective means of expanding business globally. The Department of Commerce allocated additional resources to market its International Buyer Program to overseas buyers, and has seen a 30 percent increase in foreign attendees to U.S. trade shows as a result. The State Department allocated additional funding to increase the number of foreign buyers attending U.S. trade shows. As discussed earlier in Priority 1, SBA and Ex-Im Bank have increased their participation in these shows. TPCC agencies have also combined funds to create a second, small NEI pavilion that is being used in spring 2011.

PACK EXPO

PACK EXPO has seen firsthand the value of the International Buyer Program. Since partnering with ITA's U.S. Commercial Service in 1992, PACK EXPO has gained worldwide recognition as the premier trade show serving the packaging and food processing industries. In 2010, PACK EXPO received a record number of international delegations with 26 percent more international buying delegations compared to PACK EXPO International 2008. In FY 2009 and FY 2010, the International Buyer Program facilitated 78 export sales transactions valued at nearly $23 million.

September 2010 NEI Recommendation: Increase the number of U.S. companies attending major trade shows overseas.

The Commerce and Agriculture Departments are taking steps to better market international trade show opportunities to U.S. companies. In 2010, nearly 5,000 U.S. companies exhibited in U.S. pavilions sponsored by USDA or the Department of Commerce at 110 overseas trade shows. These shows resulted in more than $1 billion in estimated U.S. sales—$200 million of which were immediate sales occurring at the shows. The majority of these exhibitors were small businesses. In 2010, for the first time, representatives from Ex-Im Bank and SBA attended overseas trade shows, with Ex-Im Bank attending Medica in Germany and the SBA attending CommunicAsia in Singapore, where they presented financing options to both U.S. exhibitors and potential foreign buyers. In 2011, the agencies will work to improve follow-up with U.S. exhibitors to capture export successes resulting from overseas trade shows. The TPCC agencies will also implement more value-added services such as business-to-business matchmaking and appointments with the Department of Commerce's overseas specialists to counsel exhibitors on entering new foreign markets.

Erker Grain company reached new customers in the Middle East with the help of USDA market development funds.

Export Success

Erker Grain Co.

Fort Morgan, CO

"This was a very successful show for us and has proved to put us in touch with some very good customers."

—Nicholas Erker, Vice President, Erker Grain Co.

Erker Grain Company is a Fort Morgan, Colorado, world supplier of confection sunflower products, black oil sunflower, and millet. In February 2010, with assistance from USDA's Market Access Program (MAP), the small company was featured in the Western U.S. Agricultural Trade Association pavilion at the Gulfood trade show in Dubai, United Arab Emirates. As a first-time exporter to the Middle Eastern market, Erker Grain generated strong sales totaling $450,000 at the event and, six months after the show, secured an additional $100,000 in sales. With sales of $1.5 million over a one-year period following the show and with significant new buyer contacts and distributorships established, Erker Grain is enthusiastic about its additional business prospects and plans on attending the Dubai show again in 2011. USDA administers the MAP to share costs of overseas marketing and promotional activities.

September 2010 NEI Recommendation: Implement an export promotion strategy for designated "Next Tier" markets—markets where U.S. companies have increasing opportunities in the next 5 to 10 years.

TPCC agencies identified Colombia, Indonesia, Saudi Arabia, South Africa, Turkey, and Vietnam as priority "Next Tier" markets, a group of countries having high growth rates, favorable business climates, and the opportunity for large incremental gains for U.S. exporters. These countries have significant populations and represent considerable markets for a wide range of products and services. They clearly hold the promise of future economic expansion and are regional economic drivers. Their growth will engender further expansion in neighboring markets. This strategy represents a longer-term approach to expanding U.S. exports that looks beyond the short-term market fluctuations experienced by emerging economies. TPCC agency activities will help the United States develop strong trading partners in key regions and will help U.S. exporters remain competitive, well beyond the five-year NEI time frame.

Within these markets, TPCC agencies have identified priority sectors and have developed comprehensive export enhancement strategies. The strategies include an emphasis on (i) enhanced export promotion, including trade missions and commercial advocacy activities; (ii) increased export financing; (iii) technical assistance; and (iv) market development to create optimal policies and regulations in the Next Tier markets to drive growth in key and emerging sectors, such as clean energy. These strategies represent a "whole-of-government" approach to driving exports in these markets.

In 2010, U.S. exports increased for all six Next Tier markets as compared to the same time period in 2009 (see table below).

Next Tier Market Growth from 2009 to 2010

	Colombia	*Indonesia*	*Saudi Arabia*	*South Africa*	*Turkey*	*Vietnam*
2009 ($ millions)	9,451	5,107	10,792	4,453	7,095	3,097
2010 ($ millions)	12,044	6,943	11,591	5,627	10,546	3,710
% Change	27	36	7	26	49	20

During the first year of Next Tier activity, the U.S. Government engaged in a variety of export promotion, market development, and market access activities including:

- The U.S. Government sponsored five trade missions to Next Tier markets, including two missions to Saudi Arabia and missions to South Africa, Colombia, and Indonesia. For 2011, ITA has planned six trade missions, including two energy missions to Turkey, an information and communication technology mission to Saudi Arabia, and an education mission to Vietnam and Indonesia.
- Senior officials from TPCC agencies visited Next Tier countries a total of 33 times.
- Ex-Im Bank Chairman and President Fred Hochberg visited every Next Tier country in 2010.
- USTR and the Department of Commerce launched a new high-level Framework on Strategic Economic and Commercial Cooperation (FSECC) with the Turkish Government to promote stronger economic ties and provide a channel for addressing key market access issues. As an outgrowth of the FSECC, the Government of Turkey and the U.S. Department of Commerce have created a new U.S.–Turkish Business Council. The State Department most recently chaired a meeting of the U.S.–Turkey Economic Partnership Commission in March 2011.
- ITA initiated 22 market access cases on behalf of U.S. companies in an attempt to resolve barriers companies face. Seven cases were successfully closed during 2010.
- ITA brought more than 1,400 buyers from Next Tier countries to U.S. trade shows as part of its International Buyer Program.

As a result of coordinated TPCC activities, the U.S. Government achieved the following results in Next Tier markets:

- ITA-assisted companies registered export successes of $11.26 billion for 2010, of which advocacy projects accounted for a total of $7.2 billion. This success was a significant increase compared to 2009.
- High-level U.S. Government advocacy led to sales of aircraft to Saudi Arabia and Turkey, with $2.6 billion and $2.5 billion in U.S. export content respectively. Other key advocacy wins include an AES Corporation power purchase agreement worth $200 million in U.S. export content and a Lockheed Martin sale of a communications satellite worth $150 million in U.S. content, both to the Government of Vietnam.
- Ex-Im Bank loans supported $3.1 billion in U.S. exports to Next Tier market countries during 2010.
- ITA recruitment of buyers for trade shows resulted in at least $90 million in U.S. exports for 2010.

- In 2010, ITA bilateral and multilateral efforts helped to reduce or remove a variety of trade barriers such as ensuring that (i) the CE mark (or the European Conformity mark) certifying that products meet safety standards was not being misapplied by Turkish Customs and thus inappropriately blocking certain products from entering the Turkish market, (ii) information on IPR judicial proceedings in Saudi Arabia was made available to rights holders to help establish a more transparent and predictable IPR enforcement regime in that country, and (iii) Colombian authorities provided adequate market access to innovative pharmaceutical products for patients in that market. ITA is also currently actively working to reduce or remove more than 60 other trade barriers in the Next Tier markets.

Pick n Pay, a grocery chain in South Africa with over 700 locations, opened a new flagship store outfitted with Sunoptics energy-efficient skylights.

Export Success

Sunoptics

Sacramento, CA

Sunoptics, a manufacturer of energy-efficient skylights, recently was put in touch with a buyer in South Africa thanks to the efforts of USTDA. USTDA worked with representatives of the public and private sectors in South Africa that were investing in energy efficient technologies to reduce energy consumption. This program included a training session in South Africa and a reverse trade mission to the United States that introduced delegates to energy efficient technologies, equipment, and best practices. Based on this experience and a relationship forged during the mission, the General Manager of Store Development for Pick n Pay, a grocery chain in South Africa with over 700 stores, placed a breakthrough order for energy-efficient skylights from Sunoptics to enhance natural lighting for its new flagship store that opened in October 2010. Use of these patented prismatic skylights is estimated to reduce energy costs by 70 percent to 80 percent. It is anticipated that the initial sales for Sunoptics will lead to future orders in South Africa.

September 2010 NEI Recommendation: Increase U.S. Government support for U.S. renewable energy and energy efficiency exports.

On December 7, 2010, Secretary of Commerce Gary Locke announced the Renewable Energy and Energy Efficiency Export Initiative (RE4I), a multi-agency effort to significantly increase renewable energy and energy efficiency (RE&EE) exports in support of the NEI. The RE4I includes 23 commitments for new programs, actions, or deliverables from 8 separate U.S. Government agencies to better tailor financing options, enhance market access, increase trade promotion, and amplify the efficiency of existing export promotion programs for RE&EE companies.

Since the launch of the RE4I, several commitments have been achieved. The Department of Commerce hosted two RE&EE Advisory Committee meetings and unveiled a new online Web portal for U.S. RE&EE exporters (*www.export.gov/reee*). The Department of Agriculture announced the first-ever biomass pellet cooperator for its MAP, and the Overseas Private Investment Corporation (OPIC) announced a supplemental call to mobilize $1 billion for renewable resource and clean technology investment funds at the 2010 United Nations Climate Change Conference in Cancun, Mexico. In 2011, the Department of Energy will conclude important studies on energy efficiency export opportunities and on the potential to create foreign buyer guides of U.S. RE&EE products. The Department of Commerce will lead several renewable energy trade and trade policy missions, helping to link buyers and sellers of U.S. technology and to create markets for future U.S. exports.

Finally, Ex-Im Bank is planning on more than doubling its support of renewable energy exports, which have already grown over tenfold in the last two years. By July 2011, the TPCC Working Group on RE&EE will develop a mid-term review to gauge the success of the RE4I to date.

Positioning U.S. Industry for Success in China and India

In November 2009, USTDA launched the U.S.–China Energy Cooperation Program (ECP), in collaboration with the Chinese National Energy Administration, the Ministry of Commerce, and the U.S. Departments of Commerce and Energy. Working in cooperation with more than 40 U.S. companies, the U.S.–China ECP is an innovative public-private partnership that aims to support China in realizing its clean energy goals by leveraging U.S. private sector solutions. Through USTDA funding, the U.S.–China ECP has supported five projects that are advancing major infrastructure development opportunities, in addition to two reverse trade missions that introduced Chinese officials to U.S. suppliers of clean energy technologies.

In response to the early success of the U.S.–China ECP and requests from U.S. companies to initiate a similar effort in India, USTDA, together with India's Planning Commission and the Department of Commerce, launched the U.S.–India ECP in November 2010. The first USTDA-funded activity in support of the U.S.–India ECP will be the Efficiency and Clean Energy Exchange Program that consists of four reverse trade missions to the United States to introduce Indian officials and private sector project sponsors to U.S. clean energy and energy efficiency technologies.

Ex-Im Bank is the first international financing institution to approve solar power projects under India's National Solar Mission and the State of Gujarat's Solar Power Policy. Ex-Im Bank recently approved two transactions financing solar energy exports to India that will support more than 100 American jobs at the production facilities of Infinia Corporation in Kennewick, Washington, and First Solar Inc. in Perrysburg, Ohio. The first transaction is a $30 million direct loan to Dalmia Solar Power Ltd. to purchase solar dishes from Infinia for a 10-megawatt solar-thermal project in Rajasthan. The second transaction is a $19 million loan guarantee that enables ACME Solar Technology Pvt. Ltd. to purchase thin-film solar modules from First Solar to build a 15-megawatt solar power plant in Gujarat.

Priority 3: Trade Missions

Trade missions offer a proven, cost-effective tool for U.S. companies to learn first-hand about global markets. By participating in trade missions, U.S. companies can meet one-on-one with foreign government decision makers and business contacts, including potential agents, distributors, and partners. Access to foreign government officials and in-country business contacts can lead to long-term success in those markets. Trade missions receive a great deal of attention from foreign government representatives, business leaders, and media outlets, and provide U.S. companies the prestige of being part of an official U.S. Government trade delegation.

September 2010 NEI Recommendation: Expand and better target trade missions.

In 2010, the TPCC agencies exceeded their goal of 30 missions and 280 participants by 5 missions and 120 participants, for a total of 35 missions to 31 countries with 400 participants. TPCC agencies took trade missions to many key markets, including China, India, Indonesia, and Saudi Arabia. The U.S. Government also focused trade missions on key sectors, such as health care, renewable energy, and civil nuclear energy in countries where the United States has a competitive edge.

September 2010 NEI Recommendation: Increase the number of trade missions led by senior officials from the EPC and TPCC agencies.

The Department of Commerce had an unprecedented 15 missions led by senior-level officials in 2010. This included a Clean Energy mission led by Secretary of Commerce Locke to Hong Kong, China, and Indonesia. Secretary Locke was accompanied by Leocadia Zak, Director of the USTDA, and senior officials from Ex-Im Bank and OPIC. Secretary of Agriculture Vilsack led an agribusiness mission to Japan in April to promote U.S. agricultural exports. ITA Under Secretary Sanchez led or participated in 5 missions, and USDA Under Secretary James Miller led a mission to China. Such trade missions receive important planning, information, and logistics support from the multiple agencies and sections that comprise the export promotion teams at U.S. diplomatic posts abroad.

September 2010 NEI Recommendation: Expand follow-up with companies participating in trade missions.

The Department of Commerce has developed new standard operating procedures for ensuring that clients achieve their goals and meet their expectations. At the end of a trade mission, the Project Officer meets with companies to get feedback, to record any immediate successes, and to learn whether the client expects sales in the next 12 months. This debriefing also identifies whether the client needs financing and includes a referral to SBA, Ex-Im Bank, or both as appropriate. The client's local USEAC Trade Specialist then follows up periodically after the trade mission. Continued follow-up ensures that the company meets its goals for the trade mission and it enables the Department of Commerce to track results.

September 2010 NEI Recommendation: Increase the number of reverse trade missions that bring foreign procurement officials to the United States to meet with U.S. suppliers.

In support of the NEI, USTDA hosted 40 reverse trade missions in FY 2010, exceeding its commitment of 30 reverse trade missions. USTDA's reverse trade missions introduced almost 300 foreign delegates from 35 countries to more than 750 U.S. companies across the country, exposing delegates to the design, manufacture, and demonstration of U.S. equipment and services.

A forged spent nuclear fuel canister seal, being formed on one of the large presses at Custom Alloy Corporation.

Export Success

Custom Alloy Corporation

High Bridge, NJ

Custom Alloy Corporation is a leading manufacturer of specialty metals for seamless and welded pipe fitting and forgings, targeting largely customers requiring time-critical maintenance or repair in the areas of energy exploration. The company also fills an important niche by furnishing tubular and non-tubular fittings and pipe not readily available from other manufacturers. In early 2009, the firm approached ITA's U.S. Commercial Service Trenton, New Jersey, office for help in growing its international sales and developing an export strategy for the Western Hemisphere with a focus on Brazil. The U.S. Commercial Service encouraged Custom Alloy to participate in the Trade Winds Forum—The Americas, held in Brazil in April of 2010. The three-day business forum in São Paulo included regional and Brazil-specific technical and market sessions plus business appointments in São Paulo and Rio de Janeiro. Since participating in Trade Winds 2010, Custom Alloy representatives have returned to Brazil for followup meetings with potential business partners. At the recommendation of the U.S. Commercial Service, the firm also participated in the Rio Oil & Gas Expo & Conference 2010 in Rio de Janeiro. As a result of U.S. Commercial Service assistance and Custom Alloy's diligence, the company made initial sales of $55,000 into Brazil's offshore platform industry, and will be doing significant business in Brazil's power generation and energy production market segments in 2012 and beyond.

Priority 4: Commercial Advocacy

Commercial advocacy[18] is designed to coordinate Federal Government resources and authority to level the playing field on behalf of U.S. business interests as they compete for government-funded projects abroad. This service has grown increasingly vital as market-distorting subsidies and political inducements by foreign governments have altered the competitive landscape in a growing number of markets. Commercial advocacy is especially relevant when U.S. companies compete against state-owned enterprises or other countries' "national champions."[19] The commercial advocacy process leverages the instruments of U.S. diplomacy on behalf of U.S. companies to ensure fairness and transparency. Coordinating export promotion resources on behalf of important export opportunities allows U.S. leadership to highlight the unique advantages of U.S. products and services. In the NEI Report to the President in September, the EPC recommended leveraging multiple agencies' assistance in the advocacy process and extending outreach efforts to make more U.S. companies aware of the Federal Government's advocacy program.

September 2010 NEI Recommendation: Promptly bring exceptional commercial advocacy cases to the attention of the White House.

A top priority under the NEI is to increase high-level advocacy. The TPCC Advocacy Working group has developed an interagency review process to evaluate high-level advocacy issues that merit White House attention and bring those to the attention of the National Security Staff. Requests for elevating advocacy can come from project officers, U.S. Embassies, interested agencies, or clients. Cases are evaluated by the Advocacy Center and the State Department's Office

18 For purposes of this Report, commercial advocacy, also referred to as trade advocacy, encompasses Federal Government advocacy for export transactions involving commercial and defense articles.

19 In many industries (nuclear power, for instance), foreign state-owned companies and "national champions" are able to leverage the full economic, financial, and diplomatic support of their host country government to a distinct advantage compared to U.S. privately-owned competitors in the pursuit of major international contracts.

of Commercial and Business Affairs against agreed upon national interest criteria. Proposals for White House involvement are reviewed by relevant agencies prior to being submitted to the National Security Staff. In the case of Presidential travel or state and official visits by foreign leaders to the United States, all relevant commercial cases are evaluated through the process described earlier.

Presidential Advocacy in India

During President Obama's trip to India in November 2010, the President acknowledged that India—an important export market under the NEI, with its tremendous economic growth, its young entrepreneurial talent, its newfound corporate strength and ambition, and its insatiable appetite for world-leading technology—is generating jobs in every corner of the United States and across every major sector. These transactions involve some of the United States' largest companies, but also an increasing number of SMEs.

On the margins of the President's trip, trade transactions were announced or showcased, exceeding $4.9 billion in total value with $3.6 billion in U.S. export content, supporting an estimated 19,459 U.S. jobs. These cross-border collaborations, both public and private, underpin the expanding U.S.–India strategic partnership, contributing to economic growth and development in both countries. Notable examples include:

- ***Engine Sale for the Light Combat Aircraft.*** On October 1, the General Electric Company (headquartered in Fairfield, Connecticut) was selected to negotiate a contract to provide the Indian Aeronautical Development Agency with 107 F414 engines to be installed on the Tejas light combat aircraft. Upon finalizing the contract, General Electric's facility in Lynn, Massachusetts, and other sites across the United States will be positioned to contribute to the export of almost $1 billion in high-tech aerospace products. This transaction is tentatively valued at approximately $822 million, all of which is U.S. export content that supports an estimated 4,440 jobs.
- ***Production Equipment for the Manufacture of Pre-fabricated Housing.*** Spancrete Machinery Corporation, a family-owned business in Waukesha, Wisconsin, announced the sale of six sets of its hollow core, precast production equipment (including installation, training, and after-sales support) to Hindustan Prefab Limited, a state-owned company within the Indian Ministry of Housing and Poverty Alleviation. The production equipment will be used to manufacture inexpensive, prefabricated housing on a mass scale in India. Spancrete is also working with Somat Engineering, Inc. from Detroit, Michigan, and that company's affiliate, SP Infrastructure India Limited, which is based in Delhi. This transaction is valued at approximately $35 million, all of which is U.S. export content, supporting an estimated 30 jobs.

September 2010 NEI Recommendation: Increase U.S. companies' awareness of the benefits of commercial advocacy.

Following the President's announcement of the NEI, the Advocacy Center developed an outreach strategy to advance the goals of doubling exports in five years and increasing the number of U.S. businesses that use U.S. Government advocacy. The Advocacy Center identified five target sectors: SMEs; infrastructure; financial services; renewable energy and clean technology; and healthcare. From the launch of the NEI to March 1, 2011, the Advocacy Center staff reported participating in 101 outreach meetings. Of these meetings, 77 either included SMEs or specifically targeted SMEs for outreach. The outreach events have led to new clients and a year-on-year increase in advocacy cases of approximately nine percent (as of February 2011). The Advocacy Center also focused on outreach to other offices and agencies within the U.S. Government.

Specifically, Advocacy Center staff members attended Ex-Im Bank's annual conference and received training in export finance by Ex-Im Bank in May 2010, held an office-wide briefing with Ex-Im Bank, participated in domestic Webinars on sector- and region-specific export opportunities, and promoted its services during the National DEC Conference in October 2010. This outreach expanded collaboration among offices focused on helping U.S. companies export, and it increased the number of U.S. companies that were referred to the Advocacy Center from other agencies.

The State Department also has increased its outreach on advocacy efforts. Along with the Business Council for International Understanding, the State Department's Office of Commercial and Business Affairs worked with U.S. Ambassadors in Near Eastern posts (the Middle East and North Africa) to increase awareness of U.S. business opportunities in their respective host nations to audiences in New York, Chicago, Milwaukee, Houston, New Orleans, Seattle, and San Francisco in mid-October. Additionally, Secretary of State Hilary Clinton met with Business Roundtable executives in December 2010 in Washington. More such trade promotion events with U.S. Ambassadors from posts in Eastern Europe and the Americas are planned for 2011, as well as a series of stateside events with U.S. Ambassadors to Asia-Pacific Economic Cooperation (APEC) members throughout 2011. State Department officials also briefed stateside chambers of commerce, overseas American Chambers of Commerce, trade associations, media representatives, municipal officials attending a National League of Cities conference, and university audiences on the NEI; and export promotion assistance in Washington, D.C.; Pittsburgh, Pennsylvania; Minneapolis, Minnesota; and other cities in recent months.

September 2010 NEI Recommendation: Improve market intelligence on key export opportunities.

Early awareness of trade leads can position U.S. companies to bid on key aspects of international projects. U.S. Government agencies have, therefore, sought to improve market intelligence by gathering more information about upcoming tenders. Key aspects of market intelligence include information gathering and sharing by Commercial Sections and Economic Sections at Embassies and Consulates and by agencies that are involved in pre-tender activities, including USTDA, Ex-Im Bank, and OPIC. The TPCC Advocacy Working Group has used a variety of interagency venues to increase the flow of information to prospective bidders. Such venues include, but are not limited to, meetings with the Interagency Policy Committee, the TPCC Next Tier Working Group, and the TPCC Civil Nuclear Working Group.

Priority 5: Increasing Export Credit

Export financing is a crucial part of exporting. Government trade and investment financing agencies such as Ex-Im Bank step in to fill market gaps when adequate credit is not otherwise available. In the NEI Report to the President, the EPC recommended making more credit available through existing credit platforms and new products; increasing outreach to exporters, bankers, and other entities; and making it easier for exporters and other customers to use government credit programs by streamlining applications and internal processes.

September 2010 NEI Recommendation: Make more credit available through existing credit platforms and through new products.

Each of the three trade finance agencies—Ex-Im Bank, USDA, and SBA—have taken steps to expand or maximize the use of its export credit programs.

In the most recent fiscal year, Ex-Im Bank was able to increase the extension of credit, primarily through its existing credit programs, by nearly 17 percent over the prior year and 70 percent over the prior two years to $24.5 billion—$5 billion of which benefited U.S. small businesses. This represented more than 3,500 transactions, a 22 percent increase compared to the previous year. Ex-Im Bank's newly launched products have already started contributing to this total.

Ex-Im Bank's "Renewable Energy Express" program enables small renewable-energy project developers to use the Bank's services through a streamlined, cost-effective due diligence process done entirely in-house. To date, Ex-Im Bank has authorized several such transactions including a $3.8 million buyer credit to finance solar panel exports from Suniva for power cell towers in India, a $7.5 million buyer's credit to finance solar panel exports by SolarWorld to Canada, and a $570,000 loan to finance small wind turbines from Bergey Windpower to Ireland. Both Suniva and Bergey are small businesses.

Gamesa wind turbines.

Export Success

Gamesa

Fairless Hills, PA

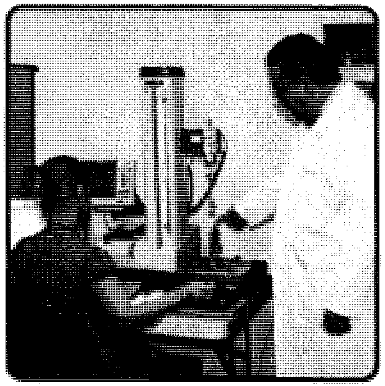
"The support we received from Ex-Im Bank became a critical factor in driving this project to a successful conclusion. Export projects are taking on a greater significance because they help support and sustain employment for our 800 Pennsylvania workers during difficult economic times."

—Dirk Matthys, CEO of Gamesa North America

In 2010, Ex-Im Bank authorized a $159 million direct loan to Energía Eólica de Honduras S.A. to finance Gamesa's export of 51 wind turbines (102 megawatts) for the Cerro de Hula Wind Farm, the first utility-scale wind project in Honduras. It is one of the largest wind-power projects in Central America where wind power is needed because of limited domestic energy resources. The transaction was among the first exports from Gamesa's Pennsylvania factories and was the first time that the company has used Ex-Im Bank financing.

Additionally, Ex-Im Bank's Board of Directors has approved two transactions for the newly launched supply-chain finance program. The transactions make available a combined total of about $500 million of credit annually to U.S-based suppliers of Case New Holland and Caterpillar, both of which have several thousand small businesses supplying critical components for exports. The program is designed to reach suppliers of large domestic exporters and enables these suppliers to minimize their need for borrowing, borrow at lower rates when they do need to borrow, maximize cash flow, and more precisely manage their risk. The financial benefits of participating in the program for many suppliers—particularly small business suppliers—are substantial. Their participation also opens them up to contact with Ex-Im Bank, enabling them to benefit from a wider range of revenue-generating opportunities. The effort to raise awareness of this program is underway, and there are several transactions in the pipeline with the Bank looking to authorize $600 million more in 2011.

In response to the requests of exporters and Ex-Im's broker-partners in 2011, Ex-Im is adding a new program to its flagship Trade Credit Insurance program—Express Insurance. Express Insurance specifically targets small businesses. By cutting the application in half and credit scoring the applications and renewals, it reduces the time frame and the complexity of insurance that small businesses obtain to protect their export receivables from foreign buyer and country risk. The target turnaround time for a quote is five days, down from the current average of 15 days. The product is being rolled out currently and is expected to generate over $250 million in authorizations a year once fully deployed.



DemeTech President and CEO Luis Arguello, Sr. inspecting medical equipment.

Export Success

DemeTech Corporation

Miami, FL

"We have expanded our distribution to over 80 countries, thanks in large part to Ex-Im Bank's multi-buyer insurance. The ability to extend credit to buyers is key to our astronomical growth."

—DemeTech President and CEO Luis Arguello, Sr.

DemeTech Corporation, a 100-employee manufacturer of medical and surgical supplies specializing in surgical sutures, has a $500,000 Ex-Im Bank multi-buyer insurance policy that is enabling the company to support its export sales in more than 80 countries and to continue expanding markets. In 2010, DemeTech's sales were up almost 100 percent, with about 30 percent of that increase attributed to the support provided by Ex-Im Bank.

Ex-Im Bank has supported $3.2 million in exports in just two years. This growth is impressive because the company's first-time export to Turkey in 2009 was valued at $300,000. More than 60 of DemeTech's employees are working to fill orders supported by the Bank.

USDA's export credit GSM-102 program is capped at $5.5 billion and, as a result, no greater credits are available. Since the GSM-102 program is capped, USDA has focused on realigning program announcements rather than increasing the overall credits available. In 2010, the GSM-102 export credit guarantee program facilitated the export of approximately $3.2 billion in agricultural products. 2010 program activity has also increased sales in "nontraditional" markets such as Vietnam, Nigeria, and the Middle East. USDA is also reviewing its current programs and its existing statutory authorities to determine the best way to provide incremental support for U.S. agricultural commodity exports.

On September 27, 2010, the President signed the Jobs Act, which made SBA's Export Express a permanent loan program and increased the maximum loan amount to $500,000. This measure will close an important funding gap for smaller, early-stage exporters who need to build their international markets. Loan proceeds can be used for export development activities—unlike SBA and Ex-Im Bank's Working Capital Loan programs, which are limited to transactional financing needs. Export Express can also be used for equipment, real estate, and working capital to support export sales. Lenders are continuing to use Export Express to deliver advantages for their banks and their customers.

In addition, the Jobs Act increased the maximum loan amount for SBA's Export Working Capital and International Trade Loan (ITL) programs to $5 million. Both programs also now provide up to a 90 percent guaranty to lenders. SBA expects a significant increase in the use of the ITL program, because it provides small businesses the capital they will need to expand their plants and the equipment to meet overseas demand. In FY 2010, SBA provided 1,474 loans to small business exporters, totaling $639 million, compared to 1,615 loans made in 2009 at $626 million. As a result of the program changes described, SBA projects that loan volume to small business exporters will increase by at least 15 percent in FY 2011.

September 2010 NEI Recommendation: Focus lending activities and outreach on priority international markets.

Ex-Im Bank is open for business in 175 countries and has been active in many of these countries. It has, however, identified nine priority countries with the greatest potential for increasing exports. These countries are: Brazil, Colombia, Mexico, Nigeria, South Africa, Turkey, India, Indonesia, and Vietnam. The Bank has an added focus in its business development efforts for these countries and is in the process of building a team dedicated to these markets. Business development efforts often have a long lead time, especially for large overseas infrastructure projects, which are the primary targets of this effort. The Bank is building a robust pipeline of projects and intends to increase its activity in these nine countries by more than 80 percent to $9.5 billion from FY 2010 to FY 2011.

Ex-Im Bank Supports U.S. Oil and Gas Equipment Exports to Brazil

Ex-Im Bank extended a Preliminary Commitment (PC) to Petrobras in April 2009, the semi-public oil and gas company in Brazil, for the amount of $2 billion. A PC allows the potential borrower to arrange financing prior to choosing U.S. suppliers. On February 3, 2010, Ex-Im Bank converted a portion of the PC into a final commitment valued at $300 million to enable Petrobras to finance its purchases of U.S. goods and services exports. The exports were for oil and gas field development; more than 50 U.S. suppliers benefited from this financing. Additional amounts of the $2 billion PC will be converted into final commitments as procurement continues.

USDA has made the GSM-102 program available in 122 countries and has facilitated exports to 29 of these countries in 2010. USDA is adding focus to specific markets in Colombia, Peru, Vietnam, and Indonesia through trade missions and on-site program presentations.

September 2010 NEI Recommendation: Streamline the application and review process for U.S. exporters, particularly SMEs.

Ex-Im Bank is working to streamline processes to serve its customers faster. Ex-Im Bank is beginning to revamp its entire application process. Currently, the Bank has 11 different application forms with a myriad of attachments that may be required. The goal is to improve the customer experience by centralizing the application process and quickly directing customers to the correct form. Further, Ex-Im Bank intends to extend the online application process from the insurance product to the loan, guarantee, and working capital products. This will maximize a customer's ability to reference information previously provided to Ex-Im Bank and will reduce the amount of information that needs to be reentered for each application. This project should reduce the application burden on customers and improve the processing time by quickly getting the correct information to the appropriate Ex-Im Bank staff member.

Regarding its internal processes, Ex-Im Bank recently integrated the relationship management and underwriting functions within certain areas of the Bank into "deal teams" with increased front-line approval authority so applicants have one point of contact and accountability. This effort has reduced Ex-Im Bank's turnaround time and allowed it to redeploy 17 percent of the staff members involved in this area to other priority areas within the Bank. In addition, adding staff members and streamlining processing in the insurance area of the Bank has reduced turnaround time by 50 percent.

The Bank increased the number of transactions it handles in the small business area by nearly 22 percent from FY 2009 and FY 2010 and is currently near capacity at current staffing levels. To overcome capacity constraints and reduce the cost of processing small dollar value transactions, the Bank is exploring automated underwriting by which computer credit models supplement the work of underwriters in approving or denying credits. This effort is still in an exploratory stage, but it could be implemented within the next year.

SBA currently has 11 Preferred Lenders (PLP-EWCP) for its Export Working Capital loan program. PLP-EWCP lenders have delegated authority to process EWCP loans without prior SBA review. The Jobs Act provides that lenders that are participating in the Delegated Authority Program of Ex-Im Bank are now eligible to participate in the PLP-EWCP program. This change potentially opens SBA's program to a much larger number of lenders. SBA's goal for FY 2011 is to double the number of lenders with preferred lender status for its Export Working Capital program.

USDA has streamlined its exporter qualification process and initiates contact with all new exporters within two weeks of qualification. New exporters are provided with guidance and training, and USDA gains valuable information concerning exporter needs.

Priority 6: Macroeconomic Rebalancing

In addition to U.S. productivity growth and export competitiveness, the most significant determinant of U.S. export growth over the next few years will be the economic growth of its trading partners. In the short term, working to sustain a strong global economic recovery is likely to deliver the biggest contribution to U.S. export growth. But this will require concerted and continued efforts by the United States and its G-20 partners to ensure that the global economy shifts smoothly to more diversified sources of economic growth. Over the medium and longer term, the composition of economic growth in the United States' trading partners will also be crucial to U.S. export growth. A broad range of countries needs to take policy actions that reduce their surpluses by stimulating domestic demand (especially consumption), and thereby increase their demand for imports. Strong, sustainable, and more balanced global growth is crucial to U.S. export growth.

At the Leaders' Summit in Seoul, Korea, in November 2010, Leaders agreed to expand and enhance the Framework for Strong, Sustainable, and Balanced Growth to include increased focus on external sustainability. Leaders agreed to pursue the full range of economic policies conducive to reducing excessive imbalances and to maintain future current account imbalances at sustainable levels. They asked their Finance Ministers and Central Bank Governors to develop indicative guidelines in 2011 to identify persistently large imbalances in need of corrective and preventive action and to assess the nature and root causes of the imbalances and the impediments to their adjustment. Finance Ministers and Central Bank Governors have agreed on the format and structure of the assessment process. The goal is to conduct the external sustainability assessments, with an independent report from the International Monetary Fund, by the time of the next Leaders' Summit in November 2011.

The United States has strongly advocated a rebalancing of global demand as an essential part of achieving a strong and long-lasting global economic recovery. Faster domestic demand growth abroad, particularly by countries with trade surpluses, will enable countries with trade deficits to boost their exports and narrow or eliminate their current account deficits. A more evenly balanced global economy will contribute to a more sustainable global recovery.

Priority 7: Reducing Barriers to Trade[20]

September 2010 NEI Recommendation: Negotiate new market access.

In the area of international aviation, the Departments of State, Transportation, and Commerce are engaged in ongoing market access negotiations, seeking to establish "Open Skies" agreements and eliminate restrictive aviation regimes worldwide. Such actions allow the U.S. travel and tourism sector to make a maximum contribution toward overall U.S. exports. Removal of restrictions on market entry and service levels allows U.S. cargo airlines to more fully participate in the transport of the increased U.S. exports under the NEI. During 2010, Open Skies agreements were reached with Zambia, Israel, Trinidad and Tobago, Barbados, Colombia, and Brazil. In addition, a second-stage agreement was reached with the EU and its Member States. In March 2011, Secretary of State Clinton and Secretary of Transportation LaHood cohosted an event with the U.S. aviation industry and diplomatic corps representatives to celebrate reaching Open Skies with 100 civil aviation partners, and spoke to media and industry about the economic benefits of Open Skies agreements.

September 2010 NEI Recommendation: Resolve remaining issues with, and seek Congressional approval of, the pending trade agreements with Korea, Panama, and Colombia.

On December 3, 2010, the United States and the Republic of Korea reached agreement on a landmark trade deal that resolved outstanding issues related to the KORUS (the December agreement). After approval and entry into force, the KORUS trade agreement will provide preferential access for U.S. businesses, farmers, ranchers, services providers, and workers to the United States' 7th largest export market (a $1.5 trillion economy with 49 million consumers); help solidify the two countries' long-standing alliance; and underscore U.S. commitment to and engagement with the Asia-Pacific region. The KORUS trade agreement is expected to increase annual exports of American goods by up to $11 billion. It will eliminate tariffs on more than 95 percent of U.S. exports of industrial and consumer goods to Korea within five years. In addition, duties on nearly two-thirds of U.S. agricultural exports to Korea will be eliminated immediately for a market that is already the fifth largest for U.S. farm products. The new agreements reflecting the December 3 deal resolve outstanding issues related to the KORUS trade agreement and include important provisions that will level the playing field and enhance access to Korea's market for U.S.-made automobiles. These provisions allow U.S. automakers to use U.S. safety standards for the vehicles they sell in Korea, and they increase Korea's transparency with respect to automotive regulations and provide relief to American workers through a new, specific safeguard for motor vehicles. The United States and Korea also resolved concerns with new Korean automotive environmental regulations. The new agreements followed months of close consultations with the U.S. Congress and U.S. stakeholders to identify the most effective approaches for dealing with the outstanding concerns.

In addition, on April 7, 2011, the United States and Colombia announced an agreement on an Action Plan that significantly expands the protection of labor activists and organizers, bolsters efforts to punish those who perpetrate violence against such persons, and strengthens labor laws and their enforcement. The Action Plan was developed as a result of the President's insistence that a number of serious labor concerns be addressed before the agreement could be moved to Congress. The Action Plan includes major, swift and concrete steps the Colombian Government has agreed to take to address outstanding labor concerns. Moving forward on the Colombia trade agreement will reduce barriers to U.S. exports to South America's third largest economy, bolster ties to one of the United States' most important strategic partners in the region, and create new opportunities for American businesses, workers, farmers, and ranchers, supporting better jobs here at home. The Colombia trade agreement is expected to increase U.S. annual exports by more than $1.1 billion and increase U.S. GDP by $2.5 billion. Over 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with the remaining tariffs phased out over 10 years. The agreement will also immediately eliminate duties on almost 70 percent of U.S. farm exports to a market to which the United States exported $832 million of agricultural products in 2010. As with the KORUS trade agreement, the Administration seeks to advance the Colombia agreement with the broadest possible bipartisan and stakeholder support.

20 More detailed information about trade negotiations, policy dialogues, and compliance and enforcement activities can be found in USTR's "2011 Trade Policy Agenda and 2010 Annual Report."

The Administration also intensified its engagement with Panama in order to address outstanding issues relating to labor laws and tax transparency. Panama recently approved legislation eliminating certain restrictions on labor rights in export processing zones and on collective bargaining in companies less than two years old. It also extended full collective bargaining rights to workers and important protections for temporary workers in the Barú special economic zone. Finally, Panama ratified a TIEA with the United States and has enacted a number of changes to its domestic laws to enable it to comply with its obligations thereunder. On April 18, 2011, Ambassador Kirk sent a letter to Congress noting that USTR had completed its preparatory work on the Agreement and stood ready to begin technical discussions with Members of Congress on the draft implementing bill and draft Statement of Administrative Action.

September 2010 NEI Recommendation: Conclude the Trans-Pacific Partnership Agreement.

The Trans-Pacific Partnership Agreement (TPP) is a key initiative through which the Administration seeks to advance the United States' multifaceted trade and investment interests in the Asia-Pacific region. Through the TPP, the United States and its partners (Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam) seek to negotiate an ambitious, 21st-century regional trade agreement that will serve as a platform for expanding U.S. exports and economic ties to the dynamic Asia-Pacific region and for promoting regional integration across the Asia-Pacific region. In 2010, negotiations on the TPP moved forward steadily. Negotiating teams reached agreement on technical details needed to prepare initial tariff offers and made solid progress in developing the legal texts of the agreement. In an important expansion of the initial membership, Malaysia joined the talks, Vietnam agreed to participate as a full member, and several other interested countries began preliminary consultations with the United States and other TPP partners.

September 2010 NEI Recommendation: Conclude an ambitious and balanced World Trade Organization Doha Round agreement.

Although there are many avenues for trade negotiation, the World Trade Organization (WTO) remains the most comprehensive venue and influences the functioning of the rest of the trade system. U.S. negotiators are working toward an ambitious and balanced WTO Doha Round agreement that will open markets and increase exports around the world. A successful Doha Round agreement can provide meaningful liberalization in all three core market access areas (agriculture, goods, and services); boost the world economy; support U.S. jobs in farming, ranching, manufacturing, and services; and reinforce confidence in a rules-based trading system. In short, it would be good for the global trading system and for the United States.

September 2010 NEI Recommendation: Deepen engagement with major emerging markets, such as China, India, Brazil, and other markets.

Important talks between the United States and China have advanced several trade and investment issues. The 2010 Strategic and Economic Dialogue (S&ED) produced a commitment by China that innovation policies will be consistent with the principles of nondiscrimination, market competition, and strong IPR protection and enforcement, and will be consistent with WTO rules, leaving the terms and conditions of technology transfer, production processes, and other proprietary information to agreement between individual enterprises. The 2010 Joint Commission on Commerce and trade (JCCT) meeting and President Hu's visit to the United States in January 2011 achieved commitments from China to enforce IPR through increased purchase and use of legitimate software, to address Internet piracy and piracy of electronic journals, and to crack down on landlords who rent space to counterfeiters in China. China agreed to eliminate discriminatory "indigenous innovation" criteria used to select industrial equipment for preferential treatment, ensuring market access for U.S. machinery manufacturers. China also committed to open and transparent standards for 3G and future technologies. In government procurement decisions, the Chinese also committed not to discriminate against components with foreign intellectual property or innovative products made by foreign suppliers operating in China. Each action will help maintain and create American jobs in industries that rely on strong protection of IPR. On the agricultural front, China lifted avian influenza-related bans on U.S. poultry products from Idaho and Kentucky and agreed to further technical talks to address the remaining four state-level bans.

The Administration has advanced the bilateral relationship with India with Prime Minister Manmohan Singh's state visit to Washington, D.C., in November 2009, and the President's return visit to India in November 2010. During the November 2010 visit, President Obama and Prime Minister Singh announced a series of bilateral export control reforms that will treat India in a manner similar to the United States' closest allies and regime partners. In addition to export control reforms, the Administration is looking at new ways to engage the U.S. and Indian public and private sectors to expand market access for U.S. goods and services in India. In 2010, the Department of Commerce launched the Growth in Emerging Metropolitan Sectors—or GEMS—initiative that focuses on Next-Tier cities and building U.S.–India commercial ties in India's emerging regions. Under the U.S.–India High Technology Cooperation Group, the United States has provided India with a list of three focus airports that will receive special attention with regard to U.S. business participation in their upgrade and redevelopment. In December 2010, the public-private U.S.–India Commercial Dialogue discussed opportunities for cooperation in the development of smart grid standards. Finally, the Indian budget announced in February 2011 responded to several U.S. Government requests, including tariff reductions for pistachios, cranberry products, raisins, certain chemicals, certain medical device inputs, and general aviation aircraft. This announcement followed key wins in the 2010 budget including reduced tariffs on medical equipment and solar power plant equipment.

The President's Trip to Brazil on March 18–19, 2011, advanced U.S.–Brazil commercial interests and set a positive tone with newly elected President Dilma Rousseff. During the trip, USTR and the Brazilian Ministry of External Relations signed the U.S.–Brazil Agreement on Trade and Economic Cooperation. As part of the trip and through the U.S.–Brazil Commercial Dialogue, the Department of Commerce's U.S. Patent and Trademark Office and the Instituto Nacional de Propiedad Industrial announced their agreement to enter into a patent work-sharing initiative known as the Patent Prosecution Highway (PPH). The PPH aims to reduce both offices' growing patent applications backlogs and shorten patent pendency. The CEO Forum, a joint dialogue of U.S. and Brazilian CEOs, provided recommendations that were largely responsible for pushing both countries to extend business visitor and tourist visa validity from 5 to 10 years, making it easier for U.S. exporters to visit potential buyers in Brazil.

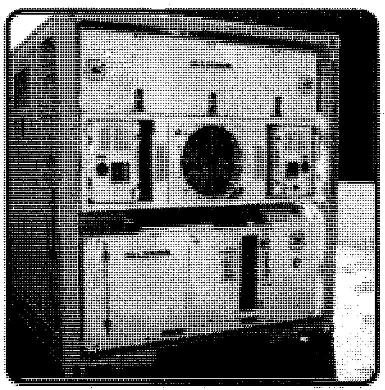
Russia is by far the largest remaining economy outside the WTO. Completing Russia's accession will integrate Russia into the global trade-rules framework and subject it to WTO member obligations, thereby reducing tariff and non-tariff barriers currently holding back U.S. exports. The United States, WTO-member trade partners, and Russia reached important understandings in 2010 regarding remaining steps Russia should take to finalize its accession. Russia's efforts included passage of legislation to improve IPR protections. Work continues on technical barriers, agricultural market access, industrial subsidies, and other issues. Discussions in the U.S.–Russia Business Development and Economic Relations Working Group in 2010 prompted Russia to ease tariffs on large mining vehicles and to correct a tariff-classification discrepancy that had placed certain U.S. passenger aircraft at a disadvantage. In May 2010, Russia passed legislation streamlining work-permit issuance for foreign specialists in Russia, another Working Group priority. In June, the U.S. Patent and Trademark Office signed a Memorandum of Understanding with Rospatent, Russia's patent and trademark agency, to bolster cross-border collaboration protecting intellectual property. The U.S. and Russian governments also initiated discussions on making Russia's government procurement system more transparent.

September 2010 NEI Recommendation: Address key non-tariff barriers applied to industrial and agricultural goods.[21]

In addition to extensive USTR-led policy activities to address these barriers, the Trade Agreements Compliance Program of the Department of Commerce's ITA works to break down barriers to market access and proactively monitors and helps promote compliance with trade agreement provisions. Under this program, 219 new market access and compliance cases were initiated in 2010, 89 on behalf of SMEs. Issues involving 82 specific trade barriers in 45 countries affecting a broad range of industries were successfully resolved. The program provides a framework for proactive monitoring of trade agreements; a process for identification, investigation, and resolution of trade barriers for companies; and the strategy for conducting outreach to inform stakeholders of efforts and services in this area. Action plans developed to address a specific barrier may involve bilateral contacts, working with USTR to raise issues in the WTO or bilateral or regional trade policy

21 More detailed information about trade barriers can be found in USTR's "2011 National Trade Estimates Report on Foreign Trade Barriers," USTR's "2011 Report on Technical Barriers to Trade," and USTR's "2011 Report on Sanitary and Phytosanitary Measures."

forums, or training and capacity-building efforts. The Program benefits from the active involvement of ITA trade officials stationed around the world as well as designated compliance officers in Beijing, Brussels, San Salvador, Tokyo, and now New Delhi. To assist in outreach to companies, ITA also maintains contact with the office of each member of Congress, some 60 DECs, more than 100 trade associations, and state agencies.



Klinge Corporation manufactures specialized transport refrigeration units and generator sets.

Export Success

Klinge Corporation

York, PA

"The whole team was truly a great help to our organization....I am happy to report that in early September 2010 we have received the [Chinese] paint certification approval needed to fulfill the current contract with [an Australian customer]."

—Henrik Klinge, President

Klinge Corporation, a leading exporter of specialized refrigerated containers, fabricated equipment to fulfill a contract with an Australian customer and made arrangements to have this equipment painted in China to the customer's specifications. The Chinese unfairly impounded the containers and the paint to be applied to them, reportedly for failing to meet Chinese certification requirements. After the ITA's Market Access and Compliance (MAC) unit received Klinge's complaint through its online "Report a Trade Barrier" hotline, a team led by MAC worked to include the company in a planned Conformity Assessment Roundtable with the Chinese government. The resulting meeting with appropriate Chinese officials secured a commitment to provide the proper approval needed to get the company's goods released.

Ensuring compliance with trade agreements is crucial to meeting the NEI goals with respect to agricultural products, because 95 percent of all U.S. agricultural trade falls under the obligations of WTO agreements or FTAs. These agreements cover issues such as labeling, licensing, import duties, sanitary and phytosanitary requirements, rules of origin, and tariff-rate quota administration. USDA's compliance program focuses on technical interventions involving information exchange between U.S. and foreign regulatory agencies; technical assistance through targeted capacity building programs; diplomatic or political interventions; and formal, multilateral intervention through WTO committees, highlighting compliance issues. Using these tools, USDA officials will focus monitoring efforts on key countries such as Canada, Mexico, Japan, China, the EU, Indonesia, and South Korea.

September 2010 NEI Recommendation: Use trade policy tools to seek strong protection and enforcement of IPR.

Through international cooperation, the U.S. Government seeks to strengthen effective enforcement of IPR and to build the capacity of all American businesses to protect and enforce their IPR when exporting to foreign markets. USTR, in close coordination with other agencies, is continuing robust bilateral engagement with numerous other trading partners on intellectual property enforcement issues.

In November 2010, the United States and trade partners representing more than half of global merchandise trade concluded negotiations on the Anti-Counterfeiting Trade Agreement (ACTA). The USTR-led agreement will be an important new tool to fight the global growth in counterfeiting and piracy, which threatens jobs that depend on innovation, including those in the United States. Participants included Australia, Canada, the EU (with its 27 Member States), Japan, Korea, Mexico, Morocco, New Zealand, Singapore, and Switzerland. Consistent with the Obama Administration's emphasis on IPR enforcement, the ACTA should result in intensified efforts against the global proliferation of commercial-scale counterfeiting and piracy in the 21st century. The agreement includes innovative provisions to deepen international cooperation, promote strong enforcement practices, and ultimately help sustain American jobs in innovative and creative industries.

The Special 301 process is one of the strongest policy tools that the U.S. Government has to prompt trading partners to improve their enforcement of IPR, protecting the markets for legitimate U.S. exports. USTR, in collaboration with other agencies, conducts this annual review of intellectual property protection and enforcement and identifies countries that fall on watch lists and what these countries need to improve to secure access and security of markets for American exports. In 2010, the Czech Republic, Hungary, Poland, and Saudi Arabia were all removed from the Special 301 Watch List because of actions each of these countries took to shut down illegitimate trade in counterfeit and pirated goods, which threatens thousands of U.S. jobs that depend on the export of products of American innovation. USTR also used the Special 301 process in 2010 to encourage Mexico's final enactment of criminal ex officio intellectual property enforcement legislation to correct a shortcoming identified in the Special 301 process, which will protect American industries from theft of their intellectual property and will preserve legitimate markets for American exports.

Under the U.S.–EU IPR Working Group, jointly chaired on the U.S. side by USTR and ITA, USTR secured EU commitment to support efforts toward the Anti-Counterfeiting Trade Agreement. The Department of Commerce and DG Enterprise jointly developed and launched the Transatlantic Intellectual Property Rights Resource Portal. Business organizations on both sides of the Atlantic welcomed the initiative, noting that "innovative SMEs often face challenges in markets that fail to provide adequate intellectual property laws or enforcement regimes. This new transatlantic Internet tool will serve to boost the ability of SMEs to protect their intellectual property and their ability to compete in the global market, and thereby will strengthen the transatlantic market." Another significant advancement in protection of IPR followed from President Obama and President Medvedev's Joint Statement of June 24, 2010, when Russia's Duma enacted amendments to its Civil Code and other legislation to strengthen protection and enforcement of IPR, including ex officio authority for Russia's customs officials to take action against suspected infringing goods and to provide protection of data required to register pharmaceuticals in Russia.

Other Enforcement Initiatives

Ensuring that trading partners are honoring their trade agreement commitments is a key element of the NEI. Robust enforcement is needed to ensure that trade agreements are truly working for Americans, ensuring proper agreement implementation so that U.S. workers and firms have a fair shot at competing for the potential market access opportunities created by the agreements. USTR, collaborating with other agencies, worked to ensure that more American workers, farmers, ranchers, manufacturers, and service providers realized the full benefits of America's trade agreements as the United States prevailed in a range of key dispute settlement cases at the WTO.

For example, the United States successfully challenged the EU's application of import duties to three technology products covered by the Information Technology Agreement, helping to ensure that U.S. producers of high-tech products will continue to be able to export those products to Europe duty-free. In the largest case ever heard by a WTO panel, the panel found that more than $18 billion in subsidies conferred on Airbus by the EU and several of its member countries were illegal, hurting the U.S. aerospace industry and its workers through lost sales and loss of global market share. Another example concerns beef exports, where successful U.S. efforts in the WTO to challenge an European Commission (EC) ban on the use of growth-promoting hormones in beef cattle led to a 2009 Memorandum of Understanding (MOU) between the United States and the European Commission that has provided U.S. producers access to a new 20,000 metric ton

(MT) quota at zero duty for high-quality beef produced from cattle that have not been treated with growth-promoting hormones. U.S. beef producers have been expanding production to take advantage of the new quota, and the United States and the EC will seek to increase the quota to 45,000 MT by August 2012 under a provision of the MOU.

The Department of Commerce's ITA's robust enforcement of the U.S. antidumping and countervailing duty laws also helps level the playing field for U.S. exporters by providing U.S. industries and workers with a reliable mechanism to remedy market distortions caused by unfair trade practices that, left unchecked, would otherwise undermine a company's global competitiveness. At the end of 2010, the United States had approximately 300 antidumping and countervailing duty orders in place, covering more than 120 products from 40 countries. Similarly, the subsidies enforcement activities of ITA and USTR benefit U.S. exporters by preventing or remedying the harm that foreign government subsidies can cause to U.S. business, including the export sector. In 2010, ITA and USTR undertook a wide range of actions to ensure that the global competitiveness of U.S. businesses and workers was not undermined by unfair foreign government subsidies, including enhanced monitoring, intensive engagement with trading partners, and decisive action to confront foreign government practices that are inconsistent with international subsidy rules.

ITA's Import Administration Helps U.S. Exporters

ITA also advocates on behalf of U.S. exporters subject to foreign trade remedy (antidumping, countervailing duty, or safeguard) actions. In 2010, ITA assisted over 95 companies, employing more than 1.6 million U.S. workers, whose exports were subject to foreign trade remedy actions. ITA's advocacy efforts helped bring about the successful termination of 19 of these types of measures, preserving approximately $900 million in U.S. exports, including important markets for poultry in the Ukraine and beef and apples in Mexico.

Priority 8: Export Promotion of Services

The services sector provides the essential infrastructure of a modern, increasingly digital economy, enhancing growth and increasing productivity across all other sectors. Key infrastructure services such as information and communication technology services, financial services, and transportation and distribution services connect the world. Services provided by these industries (as well as those in energy and environmental services, professional services, travel and tourism, and other industries) lower costs for consumers and businesses, enhance competition and innovation, improve choice and quality, attract investment, spread knowledge and technology, and allow for the efficient allocation of resources.

September 2010 NEI Recommendation: Eliminate barriers inhibiting the export of U.S. services.

The U.S. service sector is highly competitive internationally, consistently exporting more services than imports every year despite the significant trade barriers that sometimes exist abroad. Additionally, when certain types of American service providers gain increased access abroad (banks, shippers, lawyers, etc.), it makes it easier for their SME clients to export as well, because they can use the same companies and relationships they already rely on here in the United States.

In 2010, the United States continued its pursuit of significant new market openings for U.S. service suppliers through the completion of a high-standard trade agreement with Korea and the ongoing negotiation of a FTA with key trading partners in the TPP. Because the United States has very few barriers to the import of services, a particular benefit of U.S. trade agreements comes from the dismantling of barriers in foreign markets. This benefit may explain why the U.S. trade surplus in services is 25 percent higher in total with FTA partners than other countries.

The KORUS trade agreement requires Korea to match the level of openness provided by the United States across a range of services. The agreement provides greater access for international delivery services and charts a course for future reform of Korea's domestic delivery services. Korea will also open its legal services market to U.S. legal consultants, permit free association with Korean lawyers, and allow foreign firms to offer a broader range of services over time. Similar steps were taken for accounting services. Korea also commits to allow new access in the audiovisual and telecommunication sectors. These and many other steps will create new opportunities for U.S. firms to supply services in Korea and will create jobs at home.

In 2010, the United States began negotiations on the TPP. This high-standard, regional trade agreement will expand export opportunities for U.S. service suppliers, including SMEs, by reducing barriers in key export markets in the rapidly growing and dynamic Asia-Pacific region. The United States participated in four rounds of negotiations in 2010 with its TPP partners (currently Australia, Brunei, Chile, New Zealand, Malaysia, Peru, Singapore, and Vietnam).

In the WTO, the United States continued to press for new market access and the strengthening of the rules-based trading system through the Doha Development Agenda Negotiations. In addition, the U.S. Government has also pursued enforcement of existing trade commitments.

The United States also continued to address services-related barriers through established bilateral dialogues, such as the U.S.–China JCCT and the S&ED, the India Trade Policy Forum, the U.S.–EU Transatlantic Economic Council, Commercial dialogues with India and Brazil, and the United States–Turkey Business Council. These and other venues provide opportunities for the United States to resolve outstanding issues and ensure that U.S. service suppliers are able to export to foreign markets.

The Travel Promotion Act (TPA) was signed by President Obama on March 4, 2010. It created the independent nonprofit Corporation for Travel Promotion (CTP) to develop and execute a plan to (i) provide useful information to those interested in traveling to the United States, (ii) identify and address perceptions regarding U.S. entry policies, (iii) maximize the economic and diplomatic benefits of travel to the United States through the use of various promotion tools, and (iv) ensure that international travel benefits all states and the District of Columbia. The CTP's Board of Directors was appointed by the Secretary of Commerce in September 2010. The Board has filed articles of incorporation, selected officers (a chair and two vice-chairs), received $10 million from the U.S. Department of the Treasury for startup costs from funding provided under the TPA, and held monthly meetings since November 2010. The CTP has also created a Web site, *www.corporationfortravelpromotion.com*. The Board is intent on hiring the Executive Director for the CTP in the immediate future and is moving forward with their annual objectives, marketing plan and strategy, and annual budget. The Department of Commerce serves as the liaison to the Corporation and is working in consultation with the Department of State and the Department of Homeland Security to implement the TPA.

IV. NEI Metrics

New NEI Metrics will Maximize Transparency, Improve Coordination, and Strengthen Program Impact and Delivery.

The Administration's ability to communicate the success of the NEI depends on the creation of a set of common metrics to measure progress made year over year across Federal Government agencies. For the first time, the TPCC has developed metrics for measuring the Federal Government's impact as a whole, rather than highlighting individual agencies' successes. Those metrics are detailed below. Developing government-wide, cross-cutting metrics will maximize transparency, improve cooperation among agencies, and strengthen program impact and delivery.

Macroeconomic Metrics. Many factors beyond the control of the Federal Government can impact U.S. exports, including global market demand and currency fluctuations. Nevertheless, keeping abreast of the nation's performance will be an important guidepost for the TPCC agencies' efforts. During the five-year term of the NEI, from 2009 through 2014, the TPCC has selected the following two measures to be used to track the export performance of the U.S. economy in terms of both dollars and business participation:

Measure	Value
Value of exports, 2009 through 2014	$, trillions
Number of exporting companies, total, 2009 through 2014[22]	#, thousands

For 2010, the first year of the NEI, U.S. exports of goods and services were $1.8 trillion—a 17 percent year-over-year increase compared to 2009. In 2009, the number of identified exporters was 275,843.

NEI Progress Metrics. More relevant to the management and oversight of the NEI, the TPCC agencies have developed a comprehensive set of interagency NEI progress metrics based on the programs, services, and initiatives of the agencies. These metrics were developed by the TPCC through open consultation and collective input of TPCC agencies. The specific metrics defined herein and the 2010 figures reported represent a solid baseline on which the TPCC plans to build over the duration of NEI implementation. As noted, in some key instances, agencies are in the process of establishing new reporting channels with their public-private partners that will enable them to begin tracking these metrics in the near future.

Trade Advocacy and Export Promotion

It is important for the Federal Government to meet the needs of exporters in critical areas that are not (or cannot be) adequately addressed by the private sector. SMEs may lack information about export opportunities and may not have the same resources to meet foreign buyers that multinational companies have. The Federal Government must also sometimes help U.S. companies compete with aggressive foreign competition, particularly on major foreign government procurements. In all regards, the TPCC needs to be sure that the range of services that agencies offer to exporters is performing well, especially those services highlighted in the NEI recommendations.

Exports by Small and Medium-sized Enterprises. The first priority of the NEI calls on the Federal Government to "develop programs designed to enhance export assistance to SMEs." SMEs are the backbone of the economy and of job creation. Yet, they face hurdles that limit their ability to participate in the global market (for example, limited access to information and credit). The NEI priority to enhance export assistance to SMEs focuses on two distinct target SME populations: SMEs that are new-to-exporting and SMEs that are new-to-market. Both segments are critical to broadening and deepening U.S. exports. In the short term, the biggest boost to exports can come from encouraging current exporters to expand to new markets. However, in the long term, the U.S. Government must also encourage more companies to become successful exporters. There are about 28 million enterprises of various sizes in the United States. In 2008 (most recent data available), there were 289,000 identified U.S. exporting enterprises—or about 1 percent of all enterprises. Of that total, 184,000 exported in both

22 The U.S. Census Bureau's "A Profile of U.S. Importing and Exporting Companies," 2008–2009, April 12, 2011.

2007 and 2008. However, 105,000 exported in 2008 only.[23] SBA, the Department of Commerce, and Ex-Im Bank collaborate to deliver focused services to both new-to-exporting and new-to-market SMEs by taking into account their distinct needs. In 2008 (latest data available), SMEs accounted for 97 percent of U.S. exporters and 31 percent of goods exports by value.

a. ***Number of new-to-export companies:*** The number of firms exporting has grown from 239,000 in 2005 to nearly 275,843 in 2009. The TPCC agencies work closely with public and private sector organizations with their own business counseling networks. These counseling networks identify and assist firms with export potential. USDA, for example, relies primarily on State Regional Trade Groups to reach out to SMEs. SBA is in the process of capturing these data by working with its Resource Partners, which include SBDCs, WBCs, and SCORE.

Measure	*Value (2010)*	*Agency*
# of new-to-export companies	406	DOC
	627	USDA
	1,033	***Total***

b. ***Number of new markets entered by U.S. companies:*** Of all the U.S. companies that export, 58 percent export to only one market and 83 percent export to one to four markets[24] Especially in the short term, unleashing the country's export potential calls for encouraging companies to expand to new markets. The Department of Commerce's New to Market Exporter Initiative directly targets companies that export to only one market.

Measure	*Value (2010)*	*Agency*
# of new markets entered by U.S. companies	4,630	DOC
	979	USDA
	5,609	***Total***

c. ***Number of SME participants receiving export training:*** Most SMEs are unaware of export opportunities and the availability of export assistance. Seminars, Webinars, and in-class training programs prepare SME business owners and their staffs to pursue foreign markets. By developing common definitions and identifying reporting channels, agencies will introduce a new NEI progress metric in 2011 for SMEs receiving export training.

d. ***Number of public-private partners and business counselors trained on exporting:*** Collectively, public-private partners of the TPCC agencies represent tremendous "reach" into the SME business community. SBA's Resource Partners, for example, include 1,000 SBDCs, 100 WBCs, and 11,500 SCORE volunteers. Ex-Im Bank Resource Partners include 67 City-State Partners. By training partners such as these to talk to their clients about exporting and about export promotion resources available to them, TPCC agencies can dramatically expand their ability to engage SMEs.

Measure	*Value (2010)*	*Agency*
# of public-private partners and business counselors trained on exporting	200 business counselors	SBA[25]
	2,693 multipliers	Ex-Im Bank[26]
	120 TPCC agency staff members	DOC
	3,013	***Total***

23 The U.S. Census Bureau's "A Profile of U.S. Importing and Exporting Companies, 2008–2009," April 12, 2011.

24 The U.S. Census Bureau's "A Profile of U.S. Importing and Exporting Companies, 2008–2009," April 12, 2011.

25 Data represent export training provided to TPCC Resource Partners, as well as city, state, and federal entities.

26 Data include all non-exporting entities that can assist in getting exporters to use Ex-Im Bank products (for example, SBDC, District Export Councils, Manufacturing Extension Partnerships, municipalities, universities, and fellow TPCC agencies).

e. ***Number of new registrants on* www.export.gov:** The Web portal serves as the Federal Government's one-stop shop for U.S. companies seeking information and resources on exporting. Under the NEI, all agencies are encouraging companies to visit *www.export.gov* to access information. The number of *www.export.gov* registrants, therefore, is a measure of the success of U.S. Government outreach efforts. *www.export.gov* registration is also an increasingly important means by which companies are identifying themselves as interested in Federal Government export assistance.

Measure	Value (2010)	Agency
# of new registrants on *www.export.gov*	5,373 U.S. organization registrations	

f. ***Dollar value of exports supported by counseling:*** A typical SME may take 18 months to graduate from an interest in exporting to export success. SMEs can benefit tremendously from counseling to develop international business plans and market-entry strategies. At the same time, counseling can help experienced exporters to more effectively penetrate or enter new markets. SBA is setting up mechanisms to collect counseling data from SBA USEACs, District Offices, and Resource Partners (for example, SBDCs, WBCs, and SCORE).

Measure	Value (2010)	Agency
$ value of exports supported by counseling	$1,148 million	DOC
(See Grand Total for Trade Promotion.)	***$1,148 million***	***Subtotal***

Business Facilitation. The NEI calls for agencies to promote federal resources that are currently available, including U.S. Government-led trade missions. The government can facilitate foreign market entry through a variety of export assistance programs. SMEs, in particular, are less likely to have a direct presence in foreign markets, and, therefore, are looking for convenient, affordable, yet high-impact opportunities to directly meet foreign buyers. The Department of Commerce, for most industrial sectors, and USDA, for its part, lead these efforts. Through the NEI, these programs are now more strategically targeted (for example, to priority markets), are available to more U.S. companies, and include the participation of more TPCC agencies.

a. ***Foreign trade missions:*** Trade missions give both SMEs and larger firms direct access to foreign government decision makers and business contacts. NEI initiatives include targeting key emerging markets and enlisting more senior officials to lead missions. The Department of Commerce has increased the number and average size of trade missions, as well as the intensity of followup with participants. As recruitment goals and interagency support increase, the TPCC agencies expect to see growth in the:

   i. Number of companies participating in foreign trade missions

   ii. Dollar value of exports resulting from foreign trade missions

Measure	Value (2010)	Agency
# companies participating in foreign trade missions	401 companies	DOC
	29 companies	USDA
	6 companies	DOT/SLSDC
	436	***Total***
$ value of exports resulting from foreign trade missions	$72 million	DOC
	$14.8million	USDA
(See Grand Total for Trade Promotion.)	***$86.8 million***	***Subtotal***

b. ***Foreign buyer delegations:*** Foreign buyer demand for "Made in the USA" is strong. Yet, the cost of meeting foreign buyers abroad can be too great for many SMEs. Therefore, several agencies are bringing foreign buyers to the United States to meet with U.S. goods and services producers. ITA has expanded its International Buyer Program, bringing thousands of foreign buyers to U.S. trade shows where U.S. SMEs are presenting. USTDA and the State Department have increased the number of reverse trade missions of major foreign buyers (often public sector) to visit key U.S. cities and facilities and meet U.S. companies. These initiatives should result in a greater:

   i. Number of foreign company representatives brought to the United States

   ii. Dollar value of exports resulting from foreign buyers

Measure	Value (2010)	Agency
# of foreign buyers brought to the United States	12,953	DOC
	2,734	USDA
	300 foreign delegates	USTDA[27]
	155 (approx.)	State[28]
	16,142	***Total***
$ value of exports resulting from foreign buyers	$535 million	DOC[29]
(See Grand Total for Trade Promotion.)	***$535 million***	***Subtotal***

c. ***Foreign trade shows:*** For export-ready companies, participating in a major foreign trade show is one of the fastest ways to increase exports. ITA and USDA are strengthening their marketing and promotion of key trade events (for example, in Germany and Singapore) that offer matchmaking potential for SMEs. Both SBA and Ex-Im Bank staffs have increased their participation as well to advise SME companies on trade financing. These efforts should lead to an increased:

   i. Number of U.S. companies assisted at foreign trade shows

   ii. Dollar value of exports resulting from foreign trade shows

Measure	Value (2010)	Agency
# of companies supported at foreign trade shows	3,799 (FY 2010)	DOC
	976	USDA
	2	DOT/SLSDC
	4,777	***Total***
$ value of exports resulting from foreign trade shows	$3.118 billion	DOC
	$1.070 billion	USDA
(See Grand Total for Trade Promotion.)	***$4.188 billion***	***Subtotal***

27 Participants in more than 40 reverse trade missions are measured.

28 Data are based on Business Facilitation Incentive Fund Projects (IBP or Regional Trade Shows).

29 Data are based on the International Buyer Program.

d. ***Customized services:*** In addition to the trade event-related programs, many companies need more customized market-entry assistance. Often, the company has done its homework, targeting a specific foreign market, and now needs more company- and product-specific market intelligence, or direct introductions to foreign buyers interested in their product (for example, Gold Key Service). As the TPCC agencies try to expand the sales of the SME exporters through customized solutions, there should be increases in the:

   i. Number of U.S. companies using customized services

   ii. Dollar value of exports resulting from customized services

Measure	Value (2010)	Agency
# of U.S. companies using customized services	1,021	DOC
	670	USDA
	170	State
	1,861	***Total***
$ value of exports resulting from customized services	$389 million	DOC
(See Grand Total for Trade Promotion.)	***$389 million***	***Subtotal***

e. ***Trade Promotion:*** As the TPCC agencies improve their services and conduct more outreach to U.S. companies regarding opportunities to export and to the TPCC agency services available to make exporting easier, there should be an increase in the dollar value of exports supported by all the business facilitation activities listed earlier.

Measure	Value (2010)	Agency
$ value of all trade promotion measures	***$6.345 billion***	***Grand Total***[30]

Project Advocacy. Project Advocacy is a critical NEI priority given the rise of new competitors such as China and Brazil and the continued fierce competition from traditional export powerhouses such as Germany, Japan, and France. Emerging and developing countries are growing at a much faster pace than in recent decades, along with demand for major infrastructure projects and other public-sector procurements. Given the horizontal nature of the U.S. Government (with multiple agencies involved in industry-related technical assistance, financing, and promotion), interagency program integration and Cabinet-level collaboration on these projects will define the TPCC agencies' success on behalf of U.S. industry, including SME bidders and SME suppliers to U.S. equipment manufacturers. As co-chair of the TPCC Advocacy Working Group with the State Department and as the host of the Advocacy Center, ITA is working to drive increases in the:

a. ***Number of advocacy wins:*** signed contracts as reported by firms working with the Advocacy Center on specific projects

b. ***Number of interagency advocacy collaborations:*** one or more U.S. Government agencies working together to provide commercial advocacy on behalf of a U.S. company that is pursuing a specific project, regardless of the eventual outcome

c. ***Dollar value of advocacy wins:*** U.S. export content as reported by the firm over the life of the contract

Measure	Value (2010)	Agency
# advocacy wins (total)	46	Advocacy Center
# interagency advocacy collaborations	94	Advocacy Center
$ value of advocacy wins (U.S. content)	***$18.7 billion***	***Total***

30 Data include Dollar Value subtotals for Counseling ($1.148 billion), Foreign Trade Missions ($86.8 million), Foreign Buyers Brought to the United States ($535 million), Foreign Trade Shows ($3.116 billion), and Customized Services ($389 million).

Trade Financing

The NEI calls on the trade finance agencies (primarily Ex-Im Bank, SBA, and USDA) to increase the availability of credit to SMEs. For many U.S. exporters, public-sector financing is crucial to being able to effectively finance their export-related activities and to compete in foreign markets. This has been especially true since the recent financial crisis, because banks and other financial services firms curtailed their lending and risk-taking capacities. Therefore, U.S. Government agencies have sought to make more credit available through existing credit platforms and new products that address the shortage in credit capacity in the private sector.

a. ***Overall trade financing levels:*** To address the financing challenges faced by businesses, the U.S. Government will continue to seek increases in the:

   i. Dollar value of exports supported

   ii. Number of transactions supported

Measure	Value (2010)	Agency
$ value of exports supported	$32.5 billion	Ex-Im Bank
	$1.0 billion	SBA
	$3.3 billion	USDA
	$36.8 billion	***Total***
# of transactions supported	3,589	Ex-Im Bank
	1,473	USDA
	5,062	***Total***

b. ***Small business credit:*** Agencies are expanding the eligibility criteria for lending to SMEs and streamlining application and review processes for SMEs. New products from Ex-Im Bank include Express Insurance, a supply-chain finance guarantee, a reinsurance product, and Renewable Energy Express. The Jobs Act raises the maximum size of SBA's International Trade Loans, Export Working Capital Loans, and Export Express Loans. Agencies are also reaching out to community banks, including in partnership with the Federal Reserve District Banks, to train more banks on international trade financing. These improvements in terms, process, limits, and outreach should increase the:

   i. Number of SME exporters assisted by U.S. Government finance programs

   ii. Dollar value of SME exports supported

   iii. Number of lenders trained

Measure	Value (2010)	Agency
# of small exporters assisted by U.S. Government finance programs	3,067	Ex-Im Bank
	1,082 (1,216 loans)	SBA
	4,149	***Total***
$ value of small firm exports supported	$10.3 billion	Ex-Im Bank
	$1.0 billion	SBA
	$11.3 billion	***Total***
# lenders trained (individuals)	729	Ex-Im Bank
	3,804	SBA
	4,533	***Total***

Reducing Barriers to Trade and Enforcement

A key approach to expanding U.S. exports and thus supporting American jobs is through enhanced market access and the reduction of foreign government–imposed barriers to trade. Consequently, the U.S. Government will focus, in the NEI context, on efforts to spur exports by opening markets through new trade and investment agreements, effectively using existing trade agreements and trade policy forums to address and remove trade barriers, and, where necessary, pursuing robust enforcement of trade agreements and U.S. trade laws.

a. ***Concluding trade agreements:*** In 2010, the United States had two major achievements advancing its trade agreement negotiations with significant, anticipated future benefits for U.S. exporters. USTR has provided an estimate of future export gains from the KORUS agreement with respect to goods trade. Further significant export gains are expected with respect to services trade, but they are difficult to estimate given data limitations. Also, it is expected that the conclusion of the ACTA will contribute to expanding U.S. exports of goods and services that rely heavily on intellectual property protection, although this measure is very difficult to quantify.

Measure	*Value (2010)*	*Agency*
Estimated $ value of new trade agreements and export potential where feasible	Up to $11 billion annually for goods exports arising from the KORUS trade agreement[31]	USTR

b. ***Using existing trade agreements and trade policy forums:*** The mere existence of a trade agreement does not ensure that expected benefits will flow to U.S. exporters, investors, and workers. Accordingly, the NEI focuses trade agencies' attention equally on ensuring that existing trade agreements are being adequately used and that opportunities are pursued to reduce barriers to exports in a wide variety of ongoing trade policy forums and dialogues. Considerable progress in expanding U.S. export opportunities is made each year under existing frameworks such as Free Trade Commission meetings, Trade and Investment Framework Agreements (TIFAs), and other regional and bilateral forums, and key examples are presented in Section III. However, it is very difficult to aggregate this progress into a single metric. One important area in which detailed statistics are collected and reported involves the ITA's Trade Agreement Compliance Program. ITA leads a process of working with individual firms or business groups to identify barriers to exports (which can involve USTR, USDA, and State Department resources as well). Once identified, teams of experts use the leverage of existing trade agreements to seek removal of the barrier in question. ITA closely tracks its progress in providing export opportunities through this casework. Similarly, the USDA compliance program includes technical interventions involving information exchange between U.S. and foreign regulatory agencies; technical assistance through targeted capacity building programs or diplomatic or political interventions; and formal, multilateral interventions through WTO committees. Other U.S. Government agencies also play a role in providing trade capacity-building assistance to foreign governments in the course of implementing trade agreements. The U.S. Agency for International Development (USAID) is providing assistance to emerging markets in Southeast Asia, including Vietnam and Indonesia.

Measure	*Value (2010)*	*Agency*
# of compliance and market access cases initiated	219 cases, 89 on behalf of SMEs	DOC/ITA
# of compliance and market access cases successfully resolved	82 barriers in 45 different markets	DOC/ITA
# of foreign measures reviewed and addressed with U.S. stakeholders	282 measures in 50 different countries	USDA/FAS

31 This is an illustrative metric in that it estimates the future export gains for goods from one specific trade agreement concluded during 2010. USTR can estimate expected annual increases in U.S. exports arising from key trade agreements concluded during a given year.

c. ***Pursuing robust enforcement:*** USTR, working with USDA and ITA, has been active and forceful in its use of formal dispute settlement processes to pursue foreign trade barriers that have a significant negative impact on imports of U.S. products. Although it is difficult to arrive at a common metric across all of these dispute-settlement actions, several examples are cited in Section III. In addition, ITA's robust enforcement of the U.S. antidumping and countervailing duty laws also helps level the playing field for U.S. exporters by providing U.S. industries with a reliable mechanism to remedy market distortions caused by unfair trade practices that can undermine a company's global competitiveness. Finally, ITA also advocates on behalf of U.S. exporters subject to foreign trade remedy actions, working to ensure that U.S. exports are not unjustly restricted in the process.

Measure	***Value (2010)***	***Agency***
Estimated $ value of markets preserved or opened by enforcement actions, where feasible	$18 billion[31]	USTR
Volume of new market access resulting from key WTO Dispute Settlement wins	20,000 metric tons of beef quota access at zero duty into the EU10	USDA/FAS
$ value of U.S. markets preserved through resolving foreign market access measures	$2.3 billion for 33 issues	USDA/FAS

32 Metrics for these latter two enforcement practices are available and can be reported.

V. Conclusion

President Obama's announcement in January 2010 of the creation of the National Export Initiative (NEI) was a pivotal announcement for the American economy. In one speech, export promotion—which is how many American companies will prosper and grow in the future—was elevated to the level of a Presidential priority for the first time in modern history. To give breadth to the NEI, the President created a Cabinet-level panel, the Export Promotion Cabinet, to focus solely on export promotion. The Administration then reached out to the business community through the President's Export Council to solicit feedback from small and medium-sized enterprises, labor unions, and major corporate exporters.

The Trade Promotion Coordinating Committee (TPCC) responded to the President's challenge to double U.S. exports over the next five years. Twenty agencies are working under the TPCC umbrella to align their strategies for export promotion and outreach, reduce duplication, and share information. This level of interagency cooperation already is generating more trade missions. In addition, more large-ticket advocacy wins are being recorded, more export finance loans are being made, more market access barriers are being eliminated, and more enforcement actions are being initiated.

The 2011 National Export Strategy links the NEI and the export promotion strategy of the U.S. Government. In short, the National Export Strategy is to implement the NEI. By implementing as many of the 70 recommendations made in the September 2010 report as possible, TPCC agencies will be positioning themselves to best deliver on the pledge to create additional jobs for the American people by doubling exports over the next five years.

During 2011, each TPCC agency will continue to implement the NEI recommendations. More and closer attention will be paid to coordinating with state and local governments. Agencies will report on interagency NEI progress metrics—a first-time milestone—and every attempt will be made to highlight NEI progress relative to previous years. The American people deserve no less from this Administration, yet it is important to note that exporting is fundamentally a decision that is made by U.S. businesses, farmers, ranchers, and entrepreneurs. The initiatives described in the 2011 National Export Strategy provide ample evidence that the Federal Government is working to deliver services to the business community and to help state and local governments provide better, more consistent export promotion services to local communities. Business owners who want to learn more about exporting should call 800-USA-TRADE or go online to the TPCC export promotion portal, *www.export.gov*, to learn more.

Finally, it must be noted that some issues that affect the advancement of a new national export platform exist outside the NEI. These are issues like export controls, visa reform, corporate tax policy, and currency and exchange rate policy. The TPCC recognizes that these issues are part of the trade debate and are being discussed by the White House and other government agencies. Even though these issues are outside the NEI, the existence of the NEI and the attention being focused on the NEI help to focus attention on them, as well. These issues thus receive greater prominence in the trade debate, even though the TPCC has reported only on those issues directly within the TPCC's control.

During the remainder of the NEI, the annual National Export Strategy will provide status updates on the NEI recommendations and progress metrics and provide additional areas of focus for TPCC agencies to consider in the coming year. Working together, the TPCC plans to achieve the President's goal and, in so doing, hopes to create millions of jobs for the American people.

Sincerely,

Francisco J. Sánchez

Francisco J. Sánchez
Under Secretary of Commerce for International Trade
Deputy Chairman, Trade Promotion Coordinating Committee

Appendix A: Complete 2010 NEI Recommendations Matrix

Priority 1: Exports by SMEs

Identify SMEs that can begin or expand exporting.

Recommendation	*Status and Next Steps*
Conduct a National Outreach Campaign.	
a. A redesigned *www.export.gov* Web site to help new-to-export and new-to-market businesses	See "Technology upgrades" (p. 24) Other: SBA is developing an online, interactive program that is downloadable and updatable. The online tool links to TPCC agency resources to create a comprehensive export business plan.
b. An increased number of national outreach events	See "Conduct a National Outreach Campaign" (p. 19)
c. An SBA-managed advertising and direct mail campaign to increase SME awareness	Brochure: The TPCC Small Business Working Group produced "Six Steps to Exporting Success." Mail and advertising campaign: SBA has hired a contractor for its initial outreach campaign. Next Step: Identify financial resources for broader integrated campaign.
Coordinate, expand, and leverage federal outreach resources to identify potential exporters.	See "Client Intake" (p. 20)
Increase collaboration with the private sector.	See "Take Your Business Global" (p. 20)
Analyze existing research to better understand the types of SMEs that become successful exporters.	Studies: A recent interagency market segmentation study and manufacturing studies have provided additional insight on characteristics of successful exporters. Next Steps: Promote greater use in marketing materials and market-segment targeting.
Mine existing databases for outreach to prospects for trade facilitation support.	Database Mining: Initial analysis identified approximately 2,000 potential exporter companies on the Central Contracting Registry (CCR). Next Steps: Compare CCR companies with those on the Client Tracking System. Determine marketing approach and outreach strategy.

Prepare SMEs to export successfully.

Recommendation	*Status and Next Steps*
Enhance training resources on *www.export.gov.*	*"www.export.gov/training"* landing page: Training inventory is posted. Next Steps: Identify current links that provide needed information for upload on *www.export.gov*. SBA updated its Web training module on exporting. The Department of Commerce has gathered and archived Webinars and categorized them for public availability. USDA maintains a U.S. exporter assistance partner (four state regional trade groups) Web site. In 2010, the Department of Transportation's Federal Transit Administration produced a brochure ("Accessing the Global Marketplace: A Resource Guide for the Transit Industry") designed to assist SMEs in identifying opportunities in the international transit marketplace.
Implement a program to "Train the Trainers."	
a. Institute TPCC International Trade Certificate Training for small business counselors.	See "Association of Small Business Development Centers (ASBDC)" (p. 21)
b. Use "Export Outreach Teams" to provide local small business counselors with exporting basics.	See "Export Outreach Teams" (p. 20)
Promote export opportunities among competitive industry clusters.	Industry Clusters: SBA has provided 20 contracts to support counseling and training to small businesses through regional innovation clusters. The TPCC agencies presented export resources during the February 2011 monthly conference call with cluster community representatives. Next Steps: Identify clusters interested in followup engagement with export service providers.
Prepare Commerce's Trade Information Center (TIC) to effectively direct prospective exporters to appropriate local resources.	TIC Staffing: Recent departures have reduced current staffing levels. Next Steps: Explore interagency details and new referral tools and protocols.

Connect SMEs to export opportunities.

Recommendation	*Status and Next Steps*
Pilot an Export Intermediary Matchmaker program.	Export Intermediary Matchmaker: Pilot was well received and held in New Jersey with approximately 150 people participating. Next Steps: Evaluate feedback from pilot and identify next locality.
Develop export assistance packages that effectively combine the programs of various agencies.	Export Assistance Packages: There are no proposals to date. Next Step: Determine usefulness and feasibility of proceeding with this recommendation.
Implement bilateral and multilateral SME-to-SME initiatives to connect U.S. SMEs to international business opportunities.	See "FTA Website" (p. 21) Other: Agencies have engaged and supported the *www.SBDCGlobal.com* initiative linking SBDC clients in the United States and Mexico. There are plans to expand to other Latin American countries. Next Steps: Consider FTA partners, high-growth, and Next Tier emerging markets for pilot project.

Support SME's once they find export opportunities.

Recommendation	*Status and Next Steps*
Produce trade financing marketing materials that provide a clear and concise summary of all Federal trade and investment financing programs.	Trade Finance Marketing Material: The TPCC Small Business Working Group produced and distributed a brochure on U.S. Government exports and foreign investment finance programs for interagency outreach
Provide trade finance counseling at major international trade shows.	See "Provide trade finance counseling" (p. 22)
Train lenders in the U.S. Government's export finance programs.	Federal Reserve: SBA has reached out to Federal Reserve District Banks to offer lenders training on international trade finance. Next Steps: Continue this effective strategy for attracting an attentive audience.
Open Ex-Im Bank and SBA Export Working Capital loan programs to more non-bank lenders.	Given other priorities and activities, this recommendation has been dropped for now.
Explore the feasibility of creating one set of performance measures that would apply to all the U.S. Government's export financing agencies.	See "Small Business Credit" (p. 50) Next Step: Encourage performance rating credit for interagency or inter-program referrals.

Priority 2: Federal Export Assistance

Short-Term Recommendations:

Recommendation	*Status and Next Steps*
Emphasize the New Market Exporter Initiative.	See "Emphasize the New Market Exporter Initiative" (p. 24)
Recruit more potential foreign buyers to U.S. trade shows and create additional opportunities for partnerships.	See "Recruit more potential foreign buyers" (p. 25)
Increase the number of U.S. companies attending major trade shows overseas.	See "Increase the Number of U.S. Companies" (p. 26)
Increase U.S. Government support for U.S. renewable energy and energy efficiency exports.	See "Renewable Energy and Energy Efficiency Export Initiative" (p. 28)

Short-Term Recommendations (continued)

Recommendation	*Status and Next Steps*
Expand opportunities for the U.S. nuclear energy industry.	U.S. Department of Commerce's Civil Nuclear Trade Initiative <u>Accomplishments:</u> • TPCC Civil Nuclear Working Group: Regular monthly meetings chaired at the Deputy Assistant Secretary level greatly enhance interagency coordination on trade policy issues to support the civil nuclear industry. • Civil Nuclear Trade Advisory Committee: The committee finalized a set of policy recommendations to Secretary Locke to enhance competitiveness. • Trade Policy and Promotion Activities: – Developed criteria for prioritizing best-prospect markets. – Facilitated Secretary's high-tech mission to India; Under Secretary's policy mission to Central and Eastern Europe; certified missions to India and UAE; U.S. industry program at IAEA general conference. – Signed nuclear MOU with China and joint declarations with Italy, Poland, and the Czech Republic. – Organized codes and standards workshop in Brazil. – Engaged China, Japan, and Korea to ratify a global nuclear liability convention. – Enhanced Ex-Im Bank's financial terms for nuclear exports. • Stakeholder Resources: – Created Civil Nuclear Web Portal: *www.trade.gov/civilnuclear* – Developed a Civil Nuclear Exporters Guide to navigate U.S. export controls process: *www.export.gov/civilnuclear*. – Released a Small Modular Reactors Report. – Organized educational workshops for industry, that is, export controls workshops. • Next Steps: – Advance commercial strategy through TPCC Civil Nuclear Working Group. – Develop more robust data on trade flows and market size. – Lead trade missions to best-prospect markets and the industry program at the IAEA. – Pursue Commercial Joint Declarations, MOUs, and Commercial Dialogues. – Organize a second civil nuclear codes and standards workshop in Brazil. – Advance global nuclear liability regime, the Convention on Supplemental Compensation.
Leverage the vast capabilities of minority business enterprises in exporting. Design outreach and trade facilitation programs specifically geared to minority business enterprises.	This process will be developed in 2011.
Increase the budget for trade-promotion infrastructure.	See "Increase the budget for trade promotion infrastructure" (p. 13)

Long-Term Recommendations:

Recommendation	*Status and Next Steps*
Increase coordination with state export promotion programs and nonprofit associations.	See "The State International Development Organization (SIDO) and the Department of Commerce" (p. 8) SBA successfully published a program announcement for the State Trade & Export Promotion grant program. <u>Next Step:</u> Develop as part of SIDO work plan MOU.
Identify and encourage exports by U.S. companies selling technologies in high-growth sectors.	See "Identify and encourage exports by U.S. companies selling technologies in high-growth sectors" (p. 10)
Increase federal export assistance for U.S. companies exporting to Brazil, India, and China.	See "Identify and encourage exports by U.S. companies selling technologies in high-growth sectors" (p. 10) See also "Deepen engagement with major emerging markets, such as China, India, Brazil, and other markets" (p. 39) <u>Other:</u> The China-based American Rail Working Group (comprising 37 U.S. companies interested in doing business in China, DOC, DOT/FRA, and China's Ministry of Railways) met monthly in 2010 to exchange information and will continue meeting in 2011.
Implement an export promotion strategy for designated Next Tier markets.	See "Export promotion strategy for key designated Next Tier markets" (p. 26)

Priority 3: Trade Missions

Recommendation	Status and Next Steps
Expand and better target trade missions.	See "Expand and better target trade missions" (p. 30)
Increase the number of trade missions led by senior officials from the EPC and TPCC agencies.	See "Increase the number of trade missions" (p. 30)
Expand followup with companies participating in trade missions.	See "Expand followup of trade missions" (p. 30)
Increase the number of reverse trade missions that bring foreign procurement officials to the United States to meet with U.S. suppliers.	See "Increase the number of reverse trade missions" (p. 30) Other: The Department of Transportation's Federal Transit Administration is planning a reverse mission of Nigerian transportation officials; the State Department is also now conducting Ambassador-led reverse trade missions; USDA's four State Regional Trade Groups also conduct multiple reserve-buyer missions.
Strengthen the federal export promotion infrastructure to support trade missions. Additional infrastructural support is critical to a trade mission's success.	See "Increase the budget for trade promotion infrastructure" (p. 13)
Connect U.S.-led trade missions with key trade shows.	Secretary Locke led a trade mission to India in February, which included a stop at the Aero India trade show.

Priority 4: Commercial Advocacy

Short-Term Recommendations:

Recommendation	Status and Next Steps
Enhance interagency coordination.	Improved communication has increased opportunities for advocacy. The Advocacy Center has been the focal point for facilitating interagency communication about relevant U.S. officials' trips and meetings with foreign counterparts and for providing background and talking points on key advocacy cases. More than 120 examples of such interagency cooperation have been documented thus far since the NEI was initiated. The State Department's Office of Commercial and Business Affairs has initiated a variety of efforts to better engage U.S. Ambassadors in export opportunities, including periodic conference calls, guidance cables, and direct communication about specific opportunities of interest.
Promptly bring exceptional commercial advocacy cases to the attention of the White House.	See "Promptly bring exceptional commercial advocacy" (p. 31)
Increase U.S. companies' awareness of the benefits of commercial advocacy.	See "Increase U.S. companies' awareness" (p. 32)
Improve market intelligence on key export opportunities.	See "Improve market intelligence" (p. 33) Other: The Advocacy Center has worked closely with interagency partners to explore market opportunities in key export markets and sectors. Although these efforts are still evolving, the Advocacy Center leveraged U.S. Commercial Service Market Intelligence Reports targeted in specific countries and sectors to significantly improve advocacy efforts for clients. Additionally, assistance from other agencies is already yielding concrete products that may assist in guiding advocacy efforts. For example, the Department of Transportation's Federal Transit Administration maintains on its Web site a list of international tenders of transit-contracting opportunities available worldwide. See *www.fta.dot.gov/assistance/international/research_4493.html.*

Long-Term Recommendations:

Recommendation	*Status and Next Steps*
Collaborate more effectively with major U.S. exporters.	The Advocacy Center and the State Department's Office of Commercial and Business Affairs have coordinated detailed planning meetings with major U.S. exporters, often within the context of the TPCC. Such meetings have been designed to better understand exporter's challenges, business planning, and perception of overseas opportunities. Examples include coordinating briefings to interagency groups by major energy, aerospace, and defense companies. Both offices have also leveraged trade and industry associations to broaden outreach to large "communities" of exporters (often SMEs) that have significant exporting impact (examples include work with the Aerospace Industry Association's Supplier Conference and the Alliance for Healthcare Competitiveness).
Develop and deploy interagency commercial advocacy teams focused on key sectors and international markets. Create interagency teams in key sectors that could benefit from stronger commercial advocacy.	This effort is still evolving, but progress is being made in developing teams focused on key markets or opportunities. Examples include meetings of the TPCC Civil Nuclear Working Group to discuss advocacy.
Review the impact of trade finance and export credit on commercial advocacy.	The Advocacy Center and the State Department Office of Commercial and Business Affairs will continue to collect examples from industry on the impact of trade finance and export credit on commercial advocacy. Ex-Im Bank has provided formal training to the Advocacy Center to help better identify client concerns in this area and to understand the overall financial and credit environment in overseas markets.

Priority 5: Increasing Export Credit

Recommendation	*Status and Next Steps*
Make more credit available through existing credit platforms and through new products.	See "Make more credit available" (p. 33) Other: The Small Business Jobs Act of 2010 authorizes SBA to increase the number of export finance specialists located at USEACs and has created the position of Associate Administrator for the Office of International Trade.
Expand the eligibility criteria for lending to SMEs.	Companies using Ex-Im Bank's programs are required to meet U.S. content requirements which prescribe the minimum U.S. content in a product required to make it eligible for Ex-Im Bank support. In 2010, Ex-Im Bank expanded the eligibility criteria for small businesses by allowing them to include not only direct costs but also indirect costs (e.g., overhead) and value added in meeting the U.S. content requirements. This change enables more small businesses to use Ex-Im Bank's financing. The Small Business Jobs Act of 2010 requires the use of an alternative small business size standard for SBA's loan programs. Pending the issuance of an SBA rule, rather than only evaluating a business based on the number of employees or its annual revenue, the alternative standard allows businesses with not more than $15 million in net worth and an average net income after federal income taxes (excluding any carryover losses) for the two fiscal years before the date of loan application of no more than $5 million to qualify as "small" for SBA's loan programs. This alternate criterion is expected to make several thousand additional businesses eligible for SBA's loans programs.
Focus lending activities and outreach on priority international markets on which to focus its outreach efforts.	See "Focus lending activities and outreach on priority international markets" (p. 36) Other: In FY 2010 and 2011, USTDA strategically focused its program in priority countries that offer (i) high probability of project success, (ii) strong export potential for U.S. companies, (iii) host country developmental benefits, and (iv) the opportunity for U.S. companies to expand market share.
Increase and focus outreach efforts to globally competitive industries and underserved sectors of the economy with incremental export potential.	Veterans Outreach: Ex-Im hosted the Vet-Force meeting for veteran-owned business, veteran community organizations, and various government agencies to introduce veterans to export financing. Additionally, in coordination with SBA's Georgia District Office, Ex-Im was the keynote speaker at the first Veteran's Export Symposium conducted in the United States.
Increase the number and scope of public-private partnerships.	City/State Partners: Numbering over 60 partners in 40 states, Ex-Im City/State Partners work under Ex-Im MOUs and report their activity annually. Their mission is the promotion, creation, and expansion of businesses in a given region by making available financing assistance and entrepreneurial services. Examples of eligible partners include state, county, and city governments—either directly or indirectly funded; local nonprofit economic development entities funded through universities and colleges; SBDCs; and World Trade Centers. Bank and Broker Training: Ex-Im has tripled its training team and is expanding its bank and broker training options to include monthly trainings around the country, including onsite trainings with banks. In addition to the D.C.-based flagship three-day venue, Ex-Im is creating a one-day, two-day, and 1 hour, and 2 hour venue. The options include a system of regular webinars.
Streamline the application and review process for U.S. exporters, particularly SMEs	See "Streamline the application and review process" (p. 36)

Priority 6: Macroeconomic Rebalancing

Recommendation	*Status and Next Steps*
Short-term objective: sustain and strengthen the global economic recovery.	See "Macroeconomic Rebalancing" (p. 37)
Long-term objective: Rebalance Global Demand.	See "Macroeconomic Rebalancing" (p. 37)

Priority 7: Reducing Barriers To Trade

[Note: More detailed information about trade negotiations, policy dialogues, and compliance and enforcement activities can be found in USTR's 2011 Trade Policy Agenda and 2010 Annual Report (available at *www.ustr.gov/2011_trade_policy_agenda*).]

Negotiate new market access.

Recommendation	*Status and Next Steps*
Conclude an ambitious and balanced WTO Doha Round agreement that achieves meaningful new market access in three core areas—agriculture, goods, and services.	See "Conclude an ambitious and balanced World Trade Organization Doha Round agreement" (p. 39) As a result of U.S. efforts, it is now generally accepted that the Doha Round negotiations will only be concluded successfully on the basis of an outcome, providing substantially higher market access ambition (for goods, services, and agriculture) than that currently reflected in negotiating texts. Significant contributions from major emerging economies such as China, India, and Brazil will be of particular importance as the United States continues to push for a balanced and ambitious outcome in the Doha Round.
Conclude the Trans-Pacific Partnership (TPP) Agreement	See "Conclude the Trans-Pacific Partnership Agreement" (p. 39) In 2010, negotiations on the TPP moved forward steadily. Negotiating teams reached agreement on technical details needed to prepare initial tariff offers and made solid progress in developing the legal texts of the agreement. Malaysia joined the talks, Vietnam agreed to participate as a full member, and several other interested countries began preliminary consultations with the United States and other TPP partners.
Resolve remaining issues with, and seek Congressional approval and implementation of, the pending trade agreements with Korea, Panama, and Colombia.	See "Resolve remaining issues with and seek Congressional approval of pending FTAs" (p. 38) On December 3, 2010, the United States and Korea reached agreement on a landmark trade deal that resolved outstanding issues related to the KORUS trade agreement. The Administration also intensified its engagement with Panama and Colombia to resolve outstanding issues related to those agreements in a manner consistent with American values. On April 7, 2011, the United States and Colombia announced an agreement on an Action Plan that significantly expands the protection of labor activists and organizers, bolsters efforts to punish those who perpetrate violence against such persons, and strengthens labor laws and their enforcement. The Action Plan contains specific, detailed actions that, when taken by Colombia, will allow the Administration to move the United States–Colombia trade agreement forward for Congressional consideration. In an April 18, 2011, letter to Congress, USTR noted it had completed its preparatory work on the United States--Panama Trade Promotion Agreement and was ready to begin technical discussions with Members of Congress.
Create market opportunities for environmental goods and services through tariff reduction, tariff elimination, and other policy initiatives.	In both the WTO Doha negotiations and APEC, the United States is advancing proposals to promote increased trade in clean energy and other climate-friendly technologies, as well as a broader range of environmental goods and services (e.g., filters to treat wastewater and catalytic converters to reduce air pollution). The United States is also working with trading partners in the TPP to prioritize environmental goods and services for improved market access.
Level the playing field for U.S. companies competing in key emerging markets by concluding bilateral investment treaties (BITs).	The Administration made substantial progress in the 2010 review of the "Model Bilateral Investment Treaty" in order to produce an updated BIT framework that balances investor and government rights and adequately protects American investors in foreign markets dominated by state-owned enterprises. Completion of the model BIT review will reinvigorate negotiations with key emerging economies.

Use existing trade agreements and trade policy forums.

Recommendation	*Status and Next Steps*
Strengthen trade policy engagement with major established partners such as Canada, Mexico, Japan, and the EU.	In 2010, the United States completed a Government Procurement Agreement with Canada that guarantees that U.S. suppliers can compete for contracts in Canada's multi-billion dollar provincial and territorial procurement market. Officials launched the U.S.–Japan Economic Harmonization Initiative that includes, as one focus, addressing non-tariff and business environment issues in Japan, including in the information and communications technologies sector. Officials engaged in a broad range of cooperative activities with the EU, including in connection with the Transatlantic Economic Council to: (1) increase exports to the EU, significantly through regulatory cooperation; (2) to leverage EU and U.S. capacity to increase exports to third countries, such as China; and (3) to improve the investment climate in third countries. The U.S. Government also launched an innovation work plan with the EU that focused on access to raw materials, promoted bio-based products, and encouraged innovation and entrepreneurship (key drivers for sustained economic growth). Another effective tool for USTR and USDA are the Consultative Committees on Agriculture with Mexico and Canada, which both agencies co-chair, and High-Level Working Groups. USDA maintains bilateral mechanisms for regular dialogue on agricultural issues with Canada, Mexico, Brazil, and other countries. Such dialogues give impetus to trade issues that have not progressed in a timely manner at the technical level and also focus on positive areas of cooperation. Strengthening these partnerships ensures close communications on regulatory and policy developments in areas of new technology, facilitates trade, and promotes science-based decision making as well as public safety.
Maximize results of APEC in 2011, when the United States will host APEC.	The U.S. Government is continuing to work to make it cheaper, easier, and faster for businesses, particularly small and medium-sized businesses, to trade in the Asia-Pacific region. The U.S. Government will lead work to build towards a seamless regional economy by: 1) strengthening economic integration and trade expansion; 2) promoting green growth; and 3) advancing regulatory cooperation and convergence. Specific initiatives that the U.S. Government is advancing in 2011 include work to promote effective, nondiscriminatory and market-driven innovation policies that foster trade and economic growth; reduce the time, cost, and uncertainty of moving goods through the supply chain; address barriers to trade and investment in environmental goods and services, and prevent and eliminate unnecessary technical barriers to trade by strengthening implementation of good regulatory practices.
Deepen engagement with major emerging markets, such as China, India, and Brazil.	See "Deepen engagement with major emerging markets" (p. 39) The United States has worked with Brazil on a new automated system for express delivery customs processing and will continue to seek Brazilian acceptance of U.S. nuclear standards. U.S. agencies also worked to mitigate the effects of India's new medical devices registration regime, which had inhibited imports of U.S. products. During the January 2011 visit of China's President Hu to the United States, the two countries launched a new public-private partnership on healthcare to foster long-term cooperation in research, training, regulation, and accessibility. The United States–India Trade Policy Forum served as a dialogue with the Government of India to address both tariff and non-tariff barriers that inhibit the ability of U.S. companies to increase exports to India and expand investment opportunities.
Expand trade policy engagement with key emerging markets such as Colombia, Indonesia, Saudi Arabia, South Africa, Turkey, and Vietnam.	The United States has identified key sectors and major opportunities in Colombia, Indonesia, Saudi Arabia, South Africa, Turkey, and Vietnam. In all of these countries, the United States is intensifying its efforts to address market access barriers in key sectors. USTR and the Department of Commerce held the first meeting with Turkey of the Cabinet-level Framework for Strategic Economic and Commercial Cooperation. In the context of the U.S.–Russia Business Development and Economic Relations Working Group, the Russian Government eliminated a discriminatory 20 percent tariff that disadvantaged U.S. manufacturers in the $4.5 billion Russian market for wide-body aircraft, while allowing competing Airbus models to enter duty-free. In 2010, USTR reactivated the U.S.–South Africa TIFA, paving the way for efforts to address bilateral concerns from anti-dumping to sanitary and phytosanitary issues.
Use bilateral trade policy mechanisms to expand market-opening opportunities.	The U.S. Government is responding to the NEI mandate by working to launch new initiatives, remove trade barriers, and expand exports through an array of trade policy tools, including TIFAs, BITs, Joint Committees on Trade and Investment, and a number of other dialogues and mechanisms.
Address key non-tariff barriers applied to industrial and agricultural goods.	See "Address key non-tariff barriers applied to industrial and agricultural goods" (p. 40) More detailed information about trade barriers can be found in USTR's "2011 National Trade Estimates Report on Foreign Trade Barriers," USTR's "2011 Report on Technical Barriers to Trade," and USTR's "2011 Report on Sanitary and Phytosanitary Measures." USTR reports on sanitary and phytosanitary barriers faced by U.S. food and farm exports, as well as on technical barriers impeding American exports worldwide. USTR informed successful efforts to return key American products to key global markets, such as poultry in Russia and pork in China. These new tools were developed through increased coordination between USTR and the Departments of State, Labor, Commerce, Agriculture, and other federal agencies to spot and respond more quickly and effectively when U.S. trading partners fail to meet their obligations under trade agreements to which the United States is a party.

Use existing trade agreements and trade policy forums. (continued)

Recommendation	*Status and Next Steps*
Enhance efforts to address SME export challenges and priorities in the development and implementation of U.S. trade policy.	USTR-requested International Trade Commission reports provided new insights into American SME performance and are helping to inform U.S. trade policy makers of the particular trade opportunities, challenges, and priorities facing U.S. SMEs. The U.S. Government is working to address trade barriers that disproportionately impact SMEs and to enhance SME export opportunities through TPP, APEC, existing FTA, and other trade initiatives.
Pursue active engagement in trade capacity building with emerging markets.	U.S. assistance agencies provide related technical assistance and capacity building to support trade preference programs, implementation of trade commitments, and more open markets. The United States continues to work closely with developing countries through the WTO Committee on Trade and Development to foster greater integration of developing countries into the rules-based multilateral trading system. In 2010, the Department of Commerce also organized programs on the dangers of counterfeit electrical products for various groups in the electrical industry supply chain in the Western Hemisphere (with the National Electrical Manufactures Association); training in responsible business practices that strengthen the global competitiveness of U.S. businesses for business, academic, and civil society leaders from Barbados, Colombia, Honduras, Jamaica, Paraguay, and Trinidad and Tobago; customs workshops in Latin America designed to increase supply-chain security, improve border-clearance times, and reduce administrative costs; and dialogue with Colombian judicial and business leaders on the importance of paying arbitral awards. The third, highly successful Americas Competitiveness Forum (ACF) was held in 2010, bringing together leaders from government, business, academia, and civil society to share best practices and develop concrete actions to promote innovation and competitiveness in the Western Hemisphere. The Organization of American States will organize future ACF meetings, which were previously organized by the Department of Commerce. USAID plays a major role in programming and providing trade capacity building assistance in developing countries throughout the world. For example, in Africa it manages major capacity building programs through its four regional Trade Hubs. Among other things, these hubs manage activities to expedite shipping through select trade corridors. In other countries, like Vietnam and Indonesia, USAID is helping governments to build institutional capacity so that they may more fully honor and abide by their obligations under international trade agreements.

Pursue robust enforcement.

Recommendation	*Status and Next Steps*
Strengthen monitoring and enforcement.	See "Other Enforcement Initiatives" (p. 42) U.S. enforcement successes in 2010 include rulings against more than $18 billion in subsidies conferred on Airbus by the EU (France, Germany, Spain, and the United Kingdom)—the largest case heard by a WTO panel to date—as well as a successful challenge to EU tariff treatment for certain information technology products. The United States also launched three new WTO disputes in 2010, requesting WTO consultations with China regarding China's procedures and final determinations in its antidumping and countervailing duty investigations of grain-oriented, flat-rolled electrical steel from the United States; Chinese measures affecting electronic payment services; and China's subsidies on wind power equipment. Other ongoing enforcement actions include disputes involving the EU's ban on the importation and marketing of U.S. poultry, China's export quotas and export tariffs on various raw materials, and taxes on distilled spirits in the Philippines. The United States continues its robust enforcement of U.S. trade laws. At the end of 2010, the United States had approximately 300 antidumping and countervailing duty orders in place, covering more than 120 products from 40 countries. The U.S. Government also advocated on behalf of U.S. exporters subject to foreign trade remedy (antidumping, countervailing duty, or safeguard) actions. In 2010, the U.S. Government assisted more than 90 companies, employing more than 1.6 million U.S. workers, whose exports were subject to foreign trade remedy actions involving more than $7 billion in U.S. exports. ITA's efforts in this regard helped bring about the successful termination of 19 foreign-trade remedy measures in 2010, resulting in almost $900 million in export markets preserved for U.S. businesses and workers.
Redouble efforts to rigorously monitor and enforce existing FTAs.	In July 2010, the USTR and the U.S. Secretary of Labor requested consultations with Guatemala under the CAFTA-DR concerning Guatemala's apparent failures to effectively enforce its labor laws related to the right of association, the right to organize and bargain collectively, and acceptable conditions of work. This is the first time that the United States has requested consultations on a labor matter under a free trade agreement.
Use trade-policy tools to seek strong protection and enforcement of IPR.	See "Use trade policy tools to seek strong protection and enforcement of IPR" (p. 41) The 2010 Special 301 review process examined IPR protection and enforcement in 77 countries. Following extensive research and analysis, USTR designated the following countries to the Priority Watch List: Algeria, Argentina, Canada, Chile, China, India, Indonesia, Pakistan, Russia, Thailand, and Venezuela. Positive accomplishments recognized in the 2010 report included improved efforts by the Czech Republic, Hungary, and Poland. USTR enhanced its public engagement activities in the 2010 Special 301 process.

Pursue robust enforcement. (continued)

Recommendation	*Status and Next Steps*
Address corruption through trade agreements and capacity building.	The U.S. Government continues to push its anticorruption agenda forward. The U.S. Government seeks binding commitments in FTAs that promote transparency and that specifically address corruption of public officials. The U.S. Government also is seeking to secure a meaningful agreement on trade facilitation in the WTO and has been pressing for concrete commitments on customs operations and transparency of government procurement regimes of FTA partners. The U.S. Government is also playing a leadership role on those issues in the G-8 Forum, APEC, the Southeastern Europe Stability Pact and other forums. The United States has also championed initiatives to have its trading partners to accede to and to implement anticorruption treaties such as the United Nations Convention on Corruption (UNCAC). The U.S, took a leading role in the development of a robust G-20 action plan to combat corruption, which was unveiled at the Leaders Summit in November 2010. G-20 members have committed, among other things, to adoption and implementation of UNCAC and to the enactment and enforcement of strong anti-bribery law. The G-20 will monitor each member's progress through an expert working group. Many of the programs implemented by U.S. development agencies incorporate features that reduce the opportunities for corruption. For example, USAID is providing assistance in creating a single window regional platform among the Association of Southeast Asian Nations members, which will simplify customs clearance procedures. A significant feature of this innovation will be to automate the system, reducing the number of personal interactions among traders and officials involved in the trade facilitation process, and thereby reduce opportunities for corruption.

Strengthen the rules-based multilateral trading system.

Recommendation	*Status and Next Steps*
Continue the U.S. leadership role in the WTO's day-to-day activities.	Through its active participation in all aspects of the WTO's substantive, negotiating, dispute settlement, and analytical functions, the United States continues to exercise unique leadership on behalf of the multilateral rules-based trading system.
Support Russia's and other countries' accessions to the WTO, obtaining new commitments and market access for American exporters.	Building on renewed Russian momentum in 2010, the United States resolved many outstanding bilateral issues related to Russia's WTO accession, and continued to negotiate on behalf of strong Russian commitments in areas such as IPR and SPS. The United States will work in 2011 to address remaining issues in the accession process with the goal of completing Russia's WTO accession negotiations as soon as possible. With respect to industrial products, Russia has agreed to provide improved market access for key U.S. goods including aerospace, automotive, chemical, information technology, machinery, and medical products. It is also making market-access commitments in key services sectors, including audio-visual, telecommunications, distribution, express delivery, energy, and financial services. On the agricultural front, Russia's accession to the WTO will provide America's farmers, ranchers, food processors, and the businesses they support with improved access to Russia's 140 million consumers. As part of its accession, Russia will only be permitted to adopt or enforce measures necessary to protect human life, animal life, plant life, or health that are applied in a manner that is neither arbitrary nor unjustified. This requirement should reduce the perceived capricious barriers to trade that have been imposed on U.S. meat and poultry exports to Russia. The United States also advanced the accessions of Kazakhstan, Yemen, and other aspiring WTO members.
Continue to strengthen U.S. efforts in the standing committees of the WTO.	The United States continues to make maximum use of the WTO's committee structures as a front line mechanism to press for concrete action to dismantle non-tariff and other barriers negatively affecting U.S. exports.

Priority 8: Export Promotion of Services

Recommendation	*Status and Next Steps*
Ensure that there are better data and measurement of the U.S. services economy.	See "Ensure there are better data and measurement of the U.S. service economy" (p. 14)
Continue to assess and focus on key growth priority sectors and markets to better coordinate export promotion efforts aimed at the services sector.	The Department of Transportation and China have established a U.S.–China Transportation Forum that includes working groups on new technologies (rail), hazardous materials transport, disaster assistance coordination, urban congestion, and a ports and inland waterways initiative. A 3rd U.S.–China Transportation Forum took place from December 8–11, 2010, in Shenzhen, China, and included an Urban Transportation Business Roundtable with U.S. business participation. Increased business participation in the overall Forum is foreseen for the future. A 4th U.S.–China Transportation Forum is planned for 2011 in the United States.
Eliminate barriers inhibiting the export of U.S. services.	See "Eliminate barriers" (p. 43)

Appendix B: Export Promotion Activities by State*

		1	2	3	4	5	6	7	8	7a
#	State	Does your state sponsor its own trade missions?	Use services offered by DOC overseas?	Provide grants to small businesses for export assistance?	Total annual dollar amount budgeted for grants?	How many domestic staff for trade promotion?	How many overseas staff?	Number of trade promotion full-time employees increased, decreased, or stayed approximately the same in the past 5 years?	If increased or decreased, by how much?	Total budget for trade promotion (w/o FDI) including overseas, domestic, and personnel costs?
1	Alabama	Y	Y	N	N/A	2	1	Increased	50%	$368,000
2	Alaska	Y	N	N	N/A	3	2	Decreased	15%	
3	Arizona	Y	Y	Y	$50,000	2	3	Decreased	60%	$600,000
4	Arkansas	Y	Y	N	N/A	3	0	Approximately the same		$150,000
5	California	Y	Y	Y (via fed progs)	$20,000–30,000	15	0	Decreased	40%	$1,500,000
6	Colorado	Y	Y	Y	$30,000	6	2	Decreased	15%	$632,000
7	Connecticut	Y	Y	Y	< $3,000	1	0	Decreased	50%	
8	Delaware	Y	Y	N	N/A	2	4	Approximately the same		$194,000
9	Florida	Y	Y	Y	$300,000	20	17	Decreased	15%	$4,000,000
10	Georgia	Y	Y	N	N/A	8.5	7.3	Increased	15%	
11	Hawaii	Y	Y	N	N/A	4	3	Decreased	50%	
12	Idaho	Y	Y	N	N/A	6	3	Decreased	20%	$375,000
13	Illinois	Y	Y	Y	$300,000–500,000 (Funds exports and FDI)	10	21	Decreased	7%	$3,483,115 (Trade and FDI)
14	Indiana	Y		N	N/A	0	11			
15	Iowa	Y	Y	Y	$175,000	5	13	Increased	20%	
16	Kansas	Y	Y	Y	$50,000	7		Decreased		
17	Kentucky	Y	Y	Y (Subsidizes trade activities)	$85,000	3.5	7	Decreased	30%	$500,000
18	Louisiana	Y	Y	N	N/A	1	0			$500,000
19	Maine	Y	Y	N	N/A	6	0	Decreased	20%	$750,000
20	Maryland	N		Y		4	10	Decreased		
21	Massachusetts	Y	Y	N	N/A	7	5	Decreased	20%	$300,000
22	Michigan	N	Y	N	N/A	3	0	Approximately the same	0%	$500,000
23	Minnesota	Y	N	N	N/A	9	1	Decreased	2%	$1,559,000
24	Mississippi	Y	Y	N	N/A	6	3	Decreased		
25	Missouri	Y	Y	N	N/A	3.5	11	Decreased	50%	$1,200,000
26	Montana	N	Y	Y	$30,000	1	2	Approximately the same		$360,000
27	Nebraska	Y	Y	N	N/A	2	2	Approximately the same		
28	Nevada	Y	Y	N	N/A	3.5	6	Increased	75%	$503,000 ($230,000 USDA grants)
29	New Hampshire	Y	Y	N	N/A	3		Decreased	71%	$600,000
30	New Jersey	N	Y	N	N/A	4	3	Decreased	12.50%	N/A
31	New Mexico	Y	Y	N	N/A	0	3	Decreased	80%	$250,000
32	New York	Y	Y	Y	No set limit	4	14	Decrease		$2,200,000
33	North Carolina	Y	Y	N	N/A	9	11	Decreased		$2,700,000
34	North Dakota	Y	Y	Y	$15,000	10	3	Increased	85%	
35	Ohio	Y	N	N	N/A	5	35	Decreased	10%	$1,850,000
36	Oklahoma	Y	Y	N	N/A	2	6	Decreased		$369,242
37	Oregon	Y	Y	Y	$50,000	5	12	Approximately the same		$3,000,000
38	Pennsylvania	Y	N	Y	$300,000	26	40	Approximately the same		$5,300,000
39	Rhode Island	Y	Y	Y	$100,000	4	0	Decrease		$800,000
40	South Carolina	N	Y	N	N/A	1	0	Decreased	80%	$200,000
41	South Dakota	N	N	N	N/A	0	0	Approximately the same		
42	Tennessee	N	Y	N	N/A	0	0	Approximately the same		
43	Texas	Y	Y	N	N/A	5	4	Approximately the same		$500,000
44	Utah	Y	Y	N	N/A	7.5	0	Approximately the same		$1,187,700
45	Vermont	Y	Y	Y		1	0	Decreased	80%	
46	Virginia	Y	N	Y	$375,000	17	3	Decreased	40%	$2,811,172
47	Washington	Y	Y	N	N/A	9	5	Decreased	45%	$1,780,000
48	West Virginia	Y	Y	N	N/A	2	0	Approximately the same		$200,000
49	Wisconsin	Y	Y	Y	$100,000	6	10	Decreased	36%	$874,000
50	Wyoming	Y	Y	Y	$20,000	2	0	Approximately the same		$50,000

* The data presented above are the results of a self-reported survey of state trade promotion officials conducted by the State International Development Organizations and the Department of Commerce.

Appendix C: Abbreviations

ACF	Americas Competitiveness Forum
ACTA	Anti-Counterfeiting Trade Agreement
APEC	Asia-Pacific Economic Cooperation
ASBDC	Association of Small Business Development Centers
BEA	Bureau of Economic Analysis
BIT	bilateral investment treaty
BLS	Bureau of Labor Statistics
CCCR	Central Contracting Registry
CFS	Commodity Flow Survey (U.S. Census Bureau)
CTP	Corporation for Travel Promotion
DEC	District Export Council
DITO	District International Trade Officer
DOC	U.S. Department of Commerce [International Trade Administration]
DOT	U.S. Department of Transportation
DOT/FRA	U.S. Department of Transportation/Federal Railroad Administration
DOT/SLSDC	Department of Transportation/Saint Lawrence Seaway Development Corporation
EC	European Commission
ECP	Energy Cooperation Program
EPC	Export Promotion Cabinet
EU	European Union
EWCP	Export Working Capital Program
Ex-Im Bank	Export-Import Bank of the United States
FAF	Freight Analysis Framework
FAS	Foreign Agricultural Service
FMC	Federal Maritime Commission
FSECC	Framework on Strategic Economic and Commercial Cooperation
FTA	free trade agreement
FTI	federal tax information
FY	fiscal year
GDP	gross domestic product
IPR	intellectual property rights
ITA	International Trade Administration (part of the U.S. Department of Commerce)
ITAC	Industry Trade Advisory Committees
ITL	International Trade Loan
JCCT	Joint Commission on Commerce and Trade
KORUS	United States–Korea Free Trade Agreement
MAP	Market Access Program
MEI	Metropolitan Export Initiative
MOU	Memorandum of Understanding
MT	metric ton
NASBITE International	National Association of Small Busness International Trade Educators
NEI	National Export Initiative
OECD	Organisation for Economic Cooperation and Development
OPIC	Overseas Private Investment Corporation
PC	Preliminary Commitment
PEC	President's Export Council
PLP-EWCP	Export Working Capital Program Preferred Lenders
PPH	Patent Prosecution Highway initiative
RE&EE	renewable energy and energy efficiency
RE4I	Renewable Energy and Energy Efficiency Export Initiative
S&ED	Strategic and Economic Dialogue
SAELP	San Antonio Export Leaders Program [Texas]
SBA	Small Business Administration
SBDC	Small Business Development Center
SIDO	State International Development Organization
SME	small and medium-sized enterprise
STEP	State Trade and Export Promotion Initiative
STRI	Services Trade Restrictiveness Index (OECD)
TIC	Trade Information Center [U.S. Department of Commerce]
TIEA	Tax Information Exchange Agreement
TIFA	Trade and Investment Framework Agreement
TPA	Travel Promotion Act
TPCC	Trade Promotion Coordinatiing Committee
TPP	Trans-Pacific Partnership Agreement
UNCAC	United Nations Convention on Corruption
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USTDA	U.S. Trade and Development Agency
USEAC	U.S. Export Assistance Center
USTR	United States Trade Representative
WBC	Women's Business Center
WTO	World Trade Organization