COLLABORATIVE GOVERNANCE

Government-Wide Collaboration Boosts National Trade

by Patrick Mendis and Leah Green

Given the magnitude of current financial challenges, a coordinated national trade promotion strategy is essential.

When Congress established the Trade Promotion Coordinating Committee (TPCC) in 1992, it authorized the commerce secretary to act as a messenger of commerce, communication, and innovation—like the Roman god Mercury. Housed in the International Trade Administration (ITA) of the U.S. Department of Commerce (DOC), the committee—chaired by Secretary Gary Locke—met as the Obama administration's first cabinet-level interagency group in late October 2009. Since then, its aim has been to focus on presidential initiatives that might boost American exports globally and create jobs locally.

With the growing trade deficit and increasing national debt, it is imperative that TPCC reinvigorate its mandate, which is often viewed as an ineffective and disorganized set of government programs intended to help the private sector increase export sales. The more effective "national export strategy" of the Obama administration seems to upgrade the most needed government-wide export promotion endeavors.

Even with a slow start in nominating a new secretary (after New Mexico Governor Bill Richardson and New Hampshire Senator Judd Gregg withdrew) and appointing key political leadership positions, the Obama administration and Congress are committed to articulating broader export policy priorities and using TPCC as the principal vehicle to coordinate U.S. government-wide export promotion strategies.

During a congressional hearing in early October 2009, Senator Amy Klobuchar of Minnesota—subcommittee chair of the Senate Committee on

Commerce, Science, and Transportation—elaborated on why the United States needs to promote trade: "Exporting is literally a world of opportunity. Over 95 percent of the world's customers are located outside the United States. Increasing our exports will mean more business, more jobs, and more growth for the American economy."

Given the magnitude of current financial challenges, a coordinated national trade promotion strategy between not only the executive and legislative branches, but also among executive agencies is essential, because our economic survival and national pride depend largely on international commerce and trade promotion.

Secretary Locke told his cabinet colleagues at the first TPCC meeting, "We have 30 million companies in the United States, but less than 1 percent of them export—a percentage that is significantly lower than all other developed countries. America already makes great stuff—now we just have to work at selling more of it around the world."

To solidify President Obama's overall economic stimulus package, upon which the national export promotion strategy rests, U.S. Trade Representative Ron Kirk and National Economic Council Director Larry Summers joined Secretary Locke with other top administration officials from 20 federal agencies on the White House campus to demonstrate the importance of their concerted effort in national strategy.

Moving Toward a Mercurial Doctrine

Just as President Clinton's foreign policy resonated with trade promotion and support for the World Trade Organization and the North American Free Trade Agreement, President Obama's strategy is a complicated gambit to increase overseas investment possibilities and market opportunities for U.S. products, services, and ideas. The president's trademark policy tripod of advancing change in healthcare, energy, and education is designed to fundamentally revitalize America's economic organization and to compete in the global marketplace.

With his entrepreneurial zeal, intellect, and eloquence, the president is a model of what may be called "American Mercury." His multi-tasking ability in the midst of the inherited financial crisis, the ever-increasing national debt, and two wars in Afghanistan and Iraq is a mercurial characteristic. His commercial- and export-promotion strategies are housed within a smart-power foreign policy framework, which is precisely the sort of governing agenda needed to direct the president's plan of action for international trade.

Obama's former presidential rival, Secretary of State Hillary Clinton, complemented the mercurial vision with the introduction of her food security initiative—a strategic pillar of the president's international development diplomacy intended to energize the United State's agro-businesses and agricultural exports while addressing world's hunger.

To some conservatives, the president's promise of change—and even trade promotion strategies—seems ostensibly illusory in the midst of ever-entangling, octopus-like activities that stretch from bank and auto rescue plans to a plethora of hotspots like Iran, North Korea, Haiti, and Yemen. Yet, at the end of the day, as President Clinton's advisor James Carville famously said, "It's the economy, stupid."

A number of TPCC challenges have arisen since the time of President Clinton's late commerce secretary Ronald Brown (who implemented the most aggressive and comprehensive government-wide plan for export promotion in 1992), which have presented an opportunity for the mercurial Obama administration to rejuvenate the federal government's interagency process.

Need for a Government-Wide Trade Promotion Strategy

Since the inception of TPCC, the investigative arm of Congress—GAO—has studied its progress twice (once in 2002 and again in 2006). In December 2009, the office issued a report that observes the current state of export promotion activities both within the United States and in foreign countries. Each report repeatedly articulates why a government-wide trade promotion strategy is necessary. Exports and trade generally contribute to U.S. economic growth and job creation by achieving a higher standard of living through competitive advantage by producing and exporting goods made in the United States relatively efficiently and importing goods and services made relatively inefficiently on U.S. soil.

Businesses involved in international trade tend to be more productive, pay higher wages, and offer other benefits to their workers than non-exporting firms of the same size. The economic benefits generated by foreign exports can also provide a countercyclical income base to mitigate economic downturns. A national strategy maximizes the effectiveness of isolated export programs that, when applied in an agency or firm-specific manner, are hampered by disparate methods of evaluation, quantification, and lack of coordination within and among TPCC member agencies.

With specific benefits in mind, the mandate given by former President Clinton's 1993 Executive Order provided a unifying framework to coordinate the export promotion and financing activities of the U.S. government and to develop a government-wide strategic plan for implementing such programs among diverse executive agencies. These executive agencies include the Departments of Commerce (DOC), State (DOS), Agriculture (USDA), and Energy (DOE), as well as the Departments of Defense and Labor, the Overseas Private Investment Corporation (OPIC), and the Export-Import Bank of the United States (Ex-Im Bank), among others.

Implementing a National Strategy

The 2002 and 2006 GAO reports, as well as a 2009 review in the wake of the U.S. economic downturn, offer information and insight on the advantages, limitations, and status of efforts affecting a national export strategy.

What Has Happened?

By 2002, the government had identified the overall national export strategies. Each TPCC member agency had also identified programs and activities that could be construed as trade-promoting under a general budget authority. Together, DOC and USDA command more than three-quarters of the total budget for export promotion, followed by Ex-Im Bank and DOS. Their programs included ones like those within DOC's International Trade Administration and DOS's trade capacity building.

In testimony delivered in March 2009 before a House subcommittee, GAO Director Loren Yager described the various activities of these and other agencies, such as DOC's advice and advocacy to businesses during the export process, the USDA's financing for promotional activities, and the Export-Import Bank's loan guarantees for foreign buyers of U.S. exports.

In 2006, TPCC agencies sought to remedy the "mixed progress" verdict levied by earlier GAO reports and alleviate confusion over the export process by establishing cross-agency staff training; strengthening the dissemination of trade information; and improving outreach to new exporters.

What Remains to Be Done?

Still, an overarching strategy to integrate TPCC agency programs and activities is not yet in place. As of 2006, TPCC was still struggling to define specific goals associated with each assigned agency and clarifying them with targets and responsibilities.

Longstanding issues with strategic focus shift from year to year continued with little evaluation of the previous efforts' effectiveness. For example, the 1997 national export strategy recognized that the United States was losing market share to the European Union; however, the 1998 strategy failed to adjust to changing EU strategies for competition. Similarly, the 2000 strategy did not review Eastern European market opportunities, but concentrated on China. In 2002, the Chinese market was sidelined.

To encourage and aid agencies in addressing impediments to interagency collaboration and coordination, an October 2005 review of several joint agency efforts identified key practices to sustaining and enhancing cooperation:

- defining and articulating a common outcome (or uniformly measurable goal) to orient agency efforts
- articulating "mutually reinforcing or joint strategies" so that needs may be identified and addressed by leveraging resources

TPCC Remedy for a National Strategy

In 2006, TPCC agencies sought to remedy the "mixed progress" verdict levied by earlier GAO reports and alleviate confusion over the export process. To that end, TPCC accomplished the following:

- Agencies established an "advocacy-coordinating network" with the private sector for mutual education and understanding. As a result, the advocacy center now functions as an interagency coordinating entity within DOC.
- Agencies created "one-stop shops" for exporters to receive assistance from agencies in a single location. The U.S. Export Assistance Centers staffed by DOC, the Small Business Administration (SBA), and Ex-Im Bank now provide centralized assistance to exporters.
- Agencies streamlined the pre-export working capital programs in Ex-Im Bank and the SBA for small exporters. This process has helped many first-time exporters.
- Agencies closely coordinated with various agencies to develop each country-specific commercial plan for use by exporters and investors. This was addressed by creating Internet websites. For example, agencies such as OPIC and SBA formally integrated their efforts to coordinate, evaluate, and enhance the agency's services to small businesses. DOS and DOC completed a plan to provide coordinated support to embassies with limited staff and developed an electronic commercial diplomacy toolbox that provides links to websites on agency planning, training, and other relevant sites on export-related issues. The toolbox and associated websites are used primarily by small businesses, which often lack the means to obtain such information on their own.

These examples demonstrate that a number of small but important steps have been taken to integrate agency resources and improve collaboration and access.

Benefits of a National Strategy

The specific broader benefits of a government-led export strategy that delineated in the 2009 review are

- access to commercially valuable information about foreign markets not immediately available to private enterprises but retrievable by U.S. officials living abroad
- government advocacy on behalf of small to medium-sized enterprises competing for export sales to establish credibility in foreign markets
- potential influence when it comes to procurement decisions made by foreign entities and governments
- provision of export finance in areas that private enterprise is reluctant or unwilling to finance
- increased competitiveness with other national export promotion strategy-backed enterprises in the foreign export marketplace. (The World Bank reports that the amount of national export promotion agencies worldwide has tripled over the past two decades.)

- agreeing on agency roles and responsibilities so that compatible policies and procedures might be established to bridge agency boundaries
- developing unifying mechanisms to monitor, evaluate, and report on results
- reinforcing individual and agency accountability through planning, reporting, and performance management systems.

Four years later, GAO similarly observed the need for action in these areas, echoing the results of other relatively recent studies conducted by experts noting that TPCC continues to face challenges in areas of its coordination responsibilities. For example, after underscoring inconsistencies between budget allocations and trade priorities both within agencies and within government-wide trade promotion strategies, GAO identified the allocation of overseas staff for trade promotion activities as a coordination challenge in USDA, DOC, and DOS.

Finally, the report recommended that as chair of TPCC, the commerce secretary should ensure that national export strategies consistently identify specific goals of agencies within the broad strategic priorities; allocate agency resources to support their specific goals; and analyze progress annually to evaluate previous strategies and outcomes.

What Impedes Progress?

Securing additional funding to improve the previously described functions has been a challenge. Besides funding, TPCC continues to have little influence over agencies' resource allocation for trade promotion despite its mandate to propose a unified federal trade promotion budget.

By late 2009, the National Export Strategy continued to lack an overall review of agencies' allocation of resources relative to government-wide export promotion priorities. The GAO review determined that export promotion activities warranted further attention in the areas of targeted services for small and medium-sized enterprises/businesses (SMEs/SMBs), performance monitoring, partnerships, and methodologies for setting user fees.

Individual SMEs have unique needs and require tailored services to account for common financing. To that end, program assistance must be prioritized to certain sectors or firms based on national exporting goals. However, agencies' efforts remain fragmented by having too many targets, which tends to undermine an agency's change for success.

Market research and stakeholder consultation would help agencies identify and rank priorities. Models of how to do so include the United Kingdom's Export Explorer and Passport to Export Success programs, as well as Indian and Malaysian cluster development programs detailed in the review.

The absence of meaningful performance monitoring has compromised a valuable tool for learning. GAO reports have long noted that TPCC agencies do not identify or measure agencies' progress toward goals as part of the National Export Strategy. Though some agencies like Ex-Im Bank recently developed program standards in most areas specified by Congress, evaluation of progress against standards lacked targets and timeframes. The information collected on small businesses by the bank was only just starting to be compiled and used to improve operations. The GAO report again points to foreign efforts such as Australian and New Zealand systems to improve performance monitoring.

Some programs were successfully established in 2007 to promote partnerships with the private sector, cities, and states. These included DOC's Corporate Partnership Program to leverage private sector expertise and USDA's Market Access and Foreign Market Development Programs.

In 2009, individual state offices reported that the partnerships were important to their export promotion activities. However, the review noted that although DOC collects $10 million annually in fees for these services, it lacks good information on the true costs of providing services. As a result, it is unclear whether the fees DOC established reflect its policy objectives or whether DOC optimizes efficient and effective program management.

The absence of a unified system of resource allocation, of monitoring performance against established standards, and of targeted program prioritization and fee-setting for partnerships with businesses and state offices impedes measured progress toward a national trade promotion strategy. Without uniform systems for information gathering, assessment of strategic progress remains clouded; collaboration is dissuaded; and future planning is shrouded in uncertainty.

A Budget-Backed Strategy

Most recently, Secretary Locke's newly proposed TPCC working group approach consisting of 20 agencies is aimed at addressing the challenges identified earlier and engaging more U.S. companies to boost exports. These groups will provide analysis and data, identify priority and next-tier markets, investigate clean energy technology and services, and advocate abroad for better use of competitive practices to ensure that U.S. companies get a fair chance at winning projects and contracts.

Within this organizational architecture of national priorities for a common outcome with measurable results, TPCC still needs to address the fundamental constraint for a plan to coordinate federal trade promotion activities as directed by Congress: a unified national budget for trade promotion.

For TPCC to succeed, its mandate requires an endorsement of an annually unified trade promotion budget; however, the committee secretariat does not review member agency budgets in correspondence to the national export strategy and its budgetary requirements. Each agency has its own statutory requirements and budgets appropriated by various congressional subcommittees. Thus, each agency submits its proposed budget separately to OMB.

With President Obama's new American Recovery and Reinvestment Act of 2009 and $7.9 billion allocated to DOC, the agency has multi-faceted activities to perform. The USG-wide national export strategy extends through these activities to almost every federal, state, and local entity. For this approach to gain its desired results, DOC needs to work closely with OMB in order to align strategies with budgets. Such leadership demands shared responsibilities—by both executive and legislative branches—for a more effective and comprehensive national export strategy.

By rejuvenating the federal interagency process, President Obama's three-pronged strategy intends to revitalize the foundation of the U.S. economy by exporting U.S. ideals and values alongside its goods and services. As the agency critical to strategic implementation, a mercurial Commerce Department is the catalytic element—the messenger—within the framework for promoting our commercial republic's continued success. Our history is prologue for such a mercurial doctrine.

Patrick Mendis *is former chairman of the U.S. State Department's interagency working group on science, technology, and intellectual property rights, and author of The Supplementary Handbook on International Science and Technology Agreements, which streamlined the U.S. government-wide Circular-175 process. Mendis, who also worked for the U.S. Departments of Agriculture, Defense, and Energy, is a visiting scholar on foreign policy at Johns Hopkins University's School of Advanced International Studies and is an adjunct professor of international diplomacy at Norwich University. He can be reached at patrickmendis@post.harvard.edu.*

Leah Green *is a graduate of Norwich University's Master of Arts in Diplomacy program and served in the U.S. Navy. She lives and works in Beijing, China, and can be reached at leah@peacelovelife.com.*

REFERENCES

Patrick Mendis, *Commercial Providence: The Secret Destiny of the American Odyssey* (Lanham, MD: Rowman and Littlefield Publishing, 2010).

Patrick Mendis, *TRADE for PEACE: How the DNA of America, Freemasonry, and Providence Created a New World Order with Nobody in Charge* (Bloomington, IN: iUniverse Press, 2009).

U.S. Congressional Office of Technology Assessment, Industry, Technology, and the Environment: Competitive Challenges and Business Opportunities, OTA-ITE-586, (Washington, D.C.: January 1994).

U.S. GAO, Export Promotion Mixed Progress in Achieving a Government-Wide Strategy, GAO-02-850 (Washington, D.C.: September 2002).

U.S. GAO, Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness, GAO/NSIAD-92-49 (Washington, D.C.: January 10, 1992).

U.S. GAO, Export Promotion: Government-Wide Plan Contributes to Improvements, T-GGD-94-35 (Washington, D.C.: October 26, 1993).

U.S. GAO, Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies, GAO-06-15 (Washington, D.C.: October 21, 2005).

U.S. GAO, Statement of Loren Yager, Director International Affairs and Trade, Export Promotion: Trade Promotion Coordinating Committee's Role Remains Limited, GAO-06-660T, Report to the U.S. House of Representatives Committee on Small Business, (Washington, D.C.: April 26, 2006).