United States General Accounting Office 140 100

GAO

Testimony

Before the Subcommittee on Economic Policy, Trade and Environment, Committee on Foreign Affairs, House of Representatives

For Release on Delivery
Expected at
2:00 p.m., EST
Monday,
March 15, 1993

EXPORT PROMOTION

Governmentwide Strategy Needed for Federal Programs

Statement of Allan I. Mendelowitz, Director
Financial Institutions and International Trade
General Government Division

148768

C56714 / 148768

GAO/T-GGD-93-7

EXPORT PROMOTION:
GOVERNMENTWIDE STRATEGY NEEDED FOR FEDERAL PROGRAMS

SUMMARY OF STATEMENT BY ALLAN I. MENDELOWITZ, DIRECTOR, FINANCIAL INSTITUTIONS AND INTERNATIONAL TRADE GENERAL GOVERNMENT DIVISION

GAO's testimony addresses the need for a governmentwide export promotion strategy and discusses funding for federal export promotion programs, the delivery of export promotion services, the Export Enhancement Act of 1992, small businesses' access to export promotion programs, the ways in which U.S. export promotion programs compare to those of other countries, and the adequacy of current funding for export promotion.

The U.S. government devotes significant funds to export promotion programs. However, the programs are not funded on the basis of any governmentwide strategy or set of priorities. Consequently, taxpayers do not have reasonable assurances that their money is being effectively used to emphasize sectors or programs with the highest potential return.

The Export Enhancement Act of 1992 (P.L. 102-429) incorporated GAO's recommendations for mandating the Trade Promotion Coordinating Committee (TPCC), an interagency group created to improve federal export promotion efforts, to (1) devise a governmentwide strategic plan to promote exports and (2) propose to the President an annual unified federal budget for export promotion that would be consistent with priorities established in the strategic plan. However, there has not been sufficient opportunity for TPCC to implement its new mandate.

Small- and medium-sized firms face barriers to exporting, including limited access to federal export promotion programs and export financing. In a previous report, GAO proposed a "one-stop shop" pilot program for partially integrating the delivery in the field of federal export promotion programs. The one-stop shops would be able to provide at a single location the full range of export promotion assistance. Such a program would be especially beneficial to small- and medium-sized firms.

Some elements of the export promotion programs of four European countries may give those countries' exporters an advantage over U.S. exporters. For example, the European countries' programs are less fragmented and generally offer more financial incentives and targeted services than does the United States.

GAO believes that the taxpayer and Congress need better assurance that the current level of export promotion funding is being effectively used. When the mandated governmentwide strategy for export promotion has been completed and funding has been reallocated according to the priorities established by that strategy, Congress will be in a better position to judge the need for additional funds.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here to testify before this Subcommittee on U.S. export promotion programs. My testimony is based primarily on GAO reports and testimony issued in the past year. Today, I will discuss the need for a governmentwide export promotion strategy and the lack of coherent funding for federal export promotion programs, the fragmented delivery of export promotion services, the importance of the Export Enhancement Act of 1992, the difficulties that smaller businesses have faced in accessing export promotion programs, the ways in which U.S. export promotion programs compare to those of other countries, and the adequacy of current funding for export promotion.

BACKGROUND

Programs to help companies sell products abroad are called "export promotion" programs. These programs include providing export financing assistance, offering business counseling, developing and distributing market research information, conducting training, and organizing trade missions and fairs. Most industrialized nations have export promotion programs.

Export promotion programs can help increase a country's exports in sectors of the economy in which the country is competitive. However, export promotion programs alone will not produce a substantial change in a country's balance of trade because the trade balance is determined primarily by the macroeconomic policies of a country (and its trading partners) and the underlying competitiveness of the country's industry.

Export promotion services in the United States are fragmented among 10 government agencies. The agencies with the most significant programs are the Departments of Agriculture (USDA) and Commerce, and the U.S. Export-Import Bank (Eximbank).

U.S. EXPORT PROMOTION PROGRAMS LACK COHERENT FUNDING

One of our major concerns with federal export promotion programs is how their funding levels are determined. Although the U.S. government devotes significant funds to export promotion programs, the programs are not funded on the basis of any governmentwide strategy or set of priorities. Consequently, taxpayers do not have reasonable assurance that their money is being effectively used to emphasize sectors or programs with the highest potential return.

In fiscal year 1991, federal government outlays for export promotion programs totaled almost $2.7 billion. In addition, the government approved about $12.8 billion in export loans and guarantees and extended about $8.6 billion in export credit insurance. (See app. I.)

USDA receives an overwhelming share of the government's export promotion funding, yet there is no governmentwide strategy or set of budget priorities that form the basis of this allocation. Agricultural products constitute about 10 percent of total U.S. exports. Nevertheless, in fiscal year 1991, USDA spent about $2 billion on export promotion--approximately 74 percent of total outlays--and issued about $5.7 billion in loans and loan guarantees--approximately 45 percent of total federal export loans and loan guarantees.

One USDA program, the Market Promotion Program (MPP), received more funds in fiscal year 1991 ($200 million) than was spent by the Commerce Department on all its export promotion programs put together. Further, more than a third of the money spent by MPP goes to promote brand-name products, some of which are produced by multinational companies with extensive experience doing business in other countries.

The following companies were among the largest brand-name recipients of MPP funds to promote their products overseas from 1989 to 1991:

- -- Blue Diamond received $22.7 million to promote the sale of walnuts and almonds.
- -- Sunsweet Growers received $10.5 million to promote the sale of prunes.
- -- Sun-Maid received $9.4 million to promote the sale of raisins.
- -- Gallo received $8.1 million to promote the sale of wine.
- -- M&M Mars received $2.8 million to promote the sale of its products.
- -- McDonald's received $1.2 million to promote the sale of poultry and eggs.

Compared to the money allocated to USDA to promote exports, the Department of Commerce, which is responsible for promoting nonagricultural exports, has very limited funds. In fiscal year 1991, the Department of Commerce spent about $91 million to support exports of nonagricultural products through its U.S. and Foreign Commercial Service (US&FCS), with the money spread among US&FCS's network of 131 posts in 67 countries and 47 domestic offices. For example, US&FCS was able to devote only about $4.3

million to support the work of its overseas commercial staff in Japan, one of the United States' most important foreign markets, while USDA budgeted $63.9 million for MPP activities in Japan.

One of the reasons why there is no coherent funding for export promotion programs is the fact that there is no single budget category for all of the government's export promotion programs. Thus, export promotion funding at an agency must compete for funding with other types of programs in the agency rather than with export promotion programs elsewhere in the government. For example, the USDA's export promotion programs compete for funding with other USDA programs, such as the Rural Electrification Administration and the Extension Service, rather than with export promotion programs at the Department of Commerce.

DELIVERY OF EXPORT PROMOTION SERVICES IS FRAGMENTED

The current federal export promotion system is limited in its ability to help small- and medium-sized exporters access federal export promotion programs because of the way those programs are delivered in the field. While each of the three primary agencies that small businesses might approach for export assistance--the Eximbank, US&FCS, and the Small Business Administration (SBA)--can offer some assistance, none have all the necessary elements to assist small businesses.

- While the Eximbank has staff expertise in export financing and provides the largest amount of federal export financing (loans, guarantees, and insurance) it has a small staff and a very limited field structure for marketing and delivering its programs.[1]

- US&FCS maintains the principal network of government field offices for export promotion assistance (47 offices in 38 states and Puerto Rico), yet the field offices have limited funds and staff to support their operations and provide no direct access to federal export financing programs.

- SBA has the authority to provide export financing through its Export Revolving Line of Credit (ERLC) program. It also has a large field structure and substantial funds. However, the program has been little used, in part because very few SBA loan officers have expertise in providing export finance.

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[1]The Eximbank has recently taken over operations of five regional offices that were formerly administered by a contractor to market the Eximbank's export credit insurance program. The Eximbank plans to use the offices to market all of its programs--loans, guarantees, and insurance.

Because the system is so fragmented, firms that need both export financing and other types of export promotion assistance often must contact several different federal agencies to get the assistance they need. This system can be confusing and discouraging to exporters.

In an effort to try to improve the decentralized approach to government export promotion programs, the President created the Trade Promotion Coordinating Committee (TPCC) in 1990.[2] TPCC, an interagency committee chaired by the Secretary of Commerce, has established working groups to study specific export issues, held export facilitation conferences for the U.S. business community, and created a single trade information center to provide information on all federal assistance available to exporters. While TPCC has had some successes, it has not been able to address the fundamental issue of the allocation of budgetary support for different agencies' export promotion programs.

In order to strengthen the effort to bring coherence to the government's export promotion programs, Congress passed the Export Enhancement Act of 1992, which was signed into law in October 1992.

THE EXPORT ENHANCEMENT ACT OF 1992

The Export Enhancement Act of 1992 (P.L. 102-429) incorporated our recommendations for mandating TPCC to

- -- devise a governmentwide strategic plan to promote exports and
- -- propose to the President an annual unified federal budget for export promotion that would be consistent with priorities established in the strategic plan.

The law also gave TPCC statutory responsibility for coordinating export promotion programs. In other words, the Export Enhancement Act provided a statutory basis for TPCC and made it permanent.

[2] TPCC is made up of representatives from the Departments of Agriculture, Commerce, Defense, Energy, Interior, Labor, State, Transportation, and the Treasury; the Agency for International Development (AID); the Council of Economic Advisers; the Environmental Protection Agency; the Eximbank; the Office of Management and Budget; the Office of the U.S. Trade Representative; the Overseas Private Investment Corporation; SBA; the U.S. Information Agency; and the U.S. Trade and Development Agency.

We believe that successful implementation of this new authority will be the key to defining a stronger, more effective federal role in assisting U.S. exporters. Therefore, we believe that the administration needs to develop a sound strategy and policies for carrying out this responsibility.

Because the Export Enhancement Act did not become law until October 1992, and because of the change in administrations, there has not been sufficient opportunity for TPCC to implement its new mandate. However, we believe the new administration will need to give priority attention to the Export Enhancement Act of 1992 because it requires the TPCC's Chairman to prepare and submit to Congress by September 30, 1993, a report describing the TPCC's strategic plan and its implementation. Therefore, TPCC has a little over 6 months in which to complete this challenging task.

I would now like to discuss some of the specific problems small- and medium-sized companies face in accessing federal export promotion programs, and some possible actions to address those problems.

EXPORT PROMOTION AND SMALL BUSINESSES

There is evidence that a large number of smaller companies have products that are competitive in foreign markets, yet these products are not currently exported. Small companies that can export report facing a number of barriers, including limited access to export financing and federal export promotion programs.

Access to Export Finance

In recent years, there has been a growing demand for export finance, especially by small- and medium-sized companies. A TPCC study found that the greatest financing need is for pre-export financing and financing for small companies ($5 million-$30 million annual revenues), smaller transactions ($300,000 or less), and revolving lines of credit of $1 million.

However, smaller businesses' access to export financing has been limited because commercial banks have cut back their international lending activities and their less profitable lines of business, including financing smaller transactions. Access by smaller firms has also been limited by the lack of Eximbank field offices.

The Eximbank is required to assist small businesses and provide at least 10 percent of its aggregate budget authority directly to those businesses. The Eximbank has made efforts to better serve smaller firms. Traditionally, the Eximbank has relied on the commercial banking system as its principal means of delivering financing to small- and medium-sized businesses. However, the Eximbank's ability to reach exporters has been adversely affected by the fact that commercial banks have been reluctant to finance exports, especially by smaller firms. Thus, the Eximbank has tried to find other ways of delivering its services, such as using state and federal agencies. One such federal effort is a joint program that the Eximbank and SBA established in 1984 to make export financing assistance more accessible to small businesses. However, this program has not been a high priority of either agency.

In 1987, the Eximbank initiated another effort--the city/state program--to improve the delivery of its services. In its city/state program, the Eximbank works with city and state agencies in 22 locations to make Eximbank assistance more accessible to small- and medium-sized businesses. This program benefits the Eximbank because the city/state participants screen exporters, package loans, and provide exporters with information about Eximbank and other government programs.

Other efforts by the Eximbank to improve the delivery of its services to smaller firms include

-- forming a Small Business Group to centralize, coordinate, and integrate its small business activities;

-- speeding its processing of small business transactions by delegating approval authority to the Small Business Group; and

-- making technical changes to the small business programs, such as increasing its risk coverage for its guarantee and insurance programs for small businesses to make the programs more attractive to bankers and others who administer the guarantees or insurance.

Despite these efforts by the Eximbank to assist smaller firms, banks and other administrators of Eximbank programs still have some concerns. These concerns involve the application process and documentation requirements (which have been described as being complicated, difficult, and time-consuming), and the collateral requirements for the Eximbank's Working Capital Guarantee program.[3]

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[3]The Working Capital Guarantee program was developed to meet the specific demand for pre-export financing for small businesses. This program encourages commercial lenders to make loans to small companies that have exporting potential but need funds to produce or market goods or services for export.

One-Stop Shop for Export Promotion Assistance

We believe that small- and medium-sized businesses are being hurt by the fragmentation of federal export promotion programs and the inability to access such programs at one location. Our past work on export promotion suggests that companies would benefit from having a single source in their community for all government export assistance. We have proposed a pilot program for partially integrating the delivery in the field of federal export financing and other export promotion programs in order to test out the benefits of integrating all government export assistance.[4]

We believe that a network of one-stop shop field offices would improve companies' access to all government export promotion programs--including technical assistance in exporting and export financing programs. Such a network would reduce to one location the number of places companies would have to contact to receive the government export assistance they need. These field offices could eliminate much of the public's confusion as to what government services are available. Field office one-stop shops could more easily provide face-to-face assistance, more sustained counseling, and more complete information based on knowledge of all federal programs and local business conditions. Moreover, companies might gain confidence in and thus more likely use government export promotion programs if the programs were supplied by a single, smoothly functioning local source.

Despite the potential benefits, creating a nationwide network of one-stop shops could face obstacles. Executive branch agencies carefully guard their turf and may be expected to resist any major efforts to integrate field operations. Also, agency officials told us that substantial funds would be needed to relocate federal offices and to provide staff with the required training and support.

Given these obstacles and the current budget environment, we proposed a pilot to test out this concept of the one-stop shop. It would use the funds and staff of the Commerce Department, SBA, and the Eximbank to more effectively provide integrated delivery of export assistance to U.S. firms. In the pilot, loan officers from the SBA's district offices would be thoroughly trained in the export financing programs of both the Eximbank and SBA. They would then be stationed at selected US&FCS district offices. The cost of the pilot could be minimized by taking advantage of the fact that there are 12 cities in which US&FCS and SBA district offices are located in the same building. These offices would

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[4]See appendix I of Export Finance: The Role of the U.S. Export-Import Bank (GAO/GGD-93-39, Dec. 23, 1992).

then be able to provide at a single location the full range of export promotion assistance, from evaluation of export readiness through access to assistance in getting government export financing. We believe that TPCC should oversee and assess the results of the pilot.

COMPARISON OF U.S. EXPORT PROMOTION PROGRAMS WITH THOSE OF OTHER COUNTRIES

According to data collected by the Organization for Economic Cooperation and Development, in 1990, the United States exported $394 billion in goods and services, about 7 percent of the U.S.' gross domestic product (GDP).[5] By comparison, exports represent a much greater share of the economies of some of the largest European countries, ranging from about 27 percent of GDP in Germany to 16 percent of GDP in Italy. (See app. II.) To assist their exporters in entering world markets, these countries have adopted some unique approaches. We studied the nonagricultural export promotion programs of four European countries and compared them to those of the United States.[6] The European countries included in our review were France, Germany, Italy, and the United Kingdom.

The degree of government involvement in, and integration of, export promotion programs varies sharply among the countries we studied, so few overall generalizations can be drawn about the four European countries' export promotion programs. However, several factors may give these countries' exporters an advantage over U.S. exporters. I would like to briefly discuss this issue.

Export programs in France, Germany, Italy, and the United Kingdom are less fragmented than those in the United States. In countries in which the national government plays a major role, the programs are consolidated in one or among a few national agencies or unified under a governmentwide strategic plan. For example, in France a single government agency manages most aspects of export promotion. Further, European exporters are more actively aided by semiprivate and private organizations (such as chambers of commerce and industry associations) than are U.S. exporters. In Germany, the government limits its export promotion activities to gathering and distributing market information, but the government strongly supports the chambers of commerce that help exporters. In fact, German businesses must

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[5]OECD is a forum for monitoring economic trends and coordinating economic policy among its 24 member countries, which include the economically developed free market democracies of North America, Western Europe, and the Pacific.

[6]Export Promotion: A Comparison of Programs in Five Industrialized Nations, (GAO/GGD-92-97, June 22, 1992).

pay dues and service fees to the chambers of commerce. Further, some of Germany's overseas chambers of commerce may receive funds from the German government.

In France, Italy, and the United Kingdom, governments tend to spend relatively more money on and assign more staff to promoting exports than do the United States and Germany. (See apps. III and IV.) (However, the German figure does not include the expenditures by the chambers of commerce in support of exporting.) For example, in 1990 export promotion spending in relation to exports ranged from a high of $1.99 per $1,000 in France to a low of $0.22 per $1,000 in Germany. The United States fell near the low end, spending $0.59 for every $1,000 of exports.

Although the United States and the European countries we reviewed offer a similar range of export promotion programs and services, the European countries generally offer more financial incentives and targeted services than does the United States. Some European countries offer financial assistance to businesses participating in trade events and for market development, target assistance to small- and medium-sized companies, and provide greater access to export financing (with fewer restrictions on obtaining it) through a network of field offices. For example, France has 22 regional offices where exporters can obtain financing, and Germany has a consortium of 54 banks through which exporters can apply for financing.

ARE US&FCS AND EXIMBANK FUNDS ADEQUATE?

We believe the taxpayer and Congress need better assurance that the current level of export promotion funding is being effectively used. When the mandated governmentwide strategy for export promotion has been completed and funding has been reallocated according to the priorities established by that strategy, Congress will be in a better position to judge the need for additional money. Nevertheless, we do have some observations about the budgets of US&FCS and the Export-Import Bank.

US&FCS

We believe that US&FCS has had a very tight budget situation, considering the magnitude of the task it has been given. By way of comparison, the US&FCS budget for fiscal year 1993 is about $102 million, approximately $45 million less than USDA's Market Promotion Program.

This budget supports a very thinly staffed field structure. US&FCS field offices are generally small, in some cases one- or two-person posts whose size limits their ability to function effectively. The US&FCS has, on average, less than two Foreign Commercial Service officers per overseas post. Similarly, if all of US&FCS field staff is taken into consideration--including officers, clerical staff, and "foreign service nationals" (foreign nationals employed by U.S. posts)--US&FCS has on average only about five staff per field office.

Staffing problems have been further complicated in the past couple of years by the need to open posts in the newly independent states created in Eastern Europe and the former Soviet Union. Freeing up funds and staff for such posts has necessitated shutting down existing posts in other countries.

In addition to tight staffing, US&FCS daily operations have also been hampered by a shortage of funds. For example, overseas post operations have, at times, lacked the funds to respond to U.S. businesses with exporting needs (sending faxes, responding to overseas calls, and purchasing market research publications).

Eximbank

As markets for U.S. exports continue to grow in Latin America, Eastern Europe, and the former Soviet Union, demand for Eximbank services is rising. In fiscal year 1991, the Eximbank used all of its budget authority for the first time in many years. In that year, the value of exports assisted by the Eximbank rose by about 29 percent, to $12.1 billion, the highest level since 1981.

The adequacy of the Eximbank's appropriations is hard to determine because of the new way in which federal credit programs are scored in the budget process. The Federal Credit Reform Act of 1990 changed the way in which loans and guarantees are included in the budget to more accurately reflect the cost of government credit programs. Under the act, appropriations are required for the estimated present value of the cost to the government of its loan and guarantee programs. The Eximbank was authorized $757 million by Congress in fiscal year 1993 and has requested the same amount for fiscal year 1994 to cover such costs. However, it is not possible to know in advance how much in exports this appropriation can support. The cost of an Eximbank loan or guarantee will be greatly affected by the creditworthiness of the countries involved. For example, $1 billion in authorized cost for the Eximbank export credit programs may only support $2 billion in export loans and guarantees extended to a very risky country, but could support $10 billion in exports to a significantly less risky country.

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Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. I will be happy to answer any questions that you or the Subcommittee may have.

LEVELS OF U.S. EXPORT PROMOTION ACTIVITIES, FISCAL YEAR 1991

Dollars in millions

Agency	Outlays[a]	Loans and loan guarantees	Insurance
Agency for International Development	$106[b]	$0	$160
Agriculture Department	1,972[c]	5,700	0
Commerce Department	195[d]	0	0
Energy Department	3	0	0
Export-Import Bank	326[e]	6,638	4,554
Interior Department	*	0	0
National Aeronautics and Space Administration	*	0	0
Overseas Private Investment Corporation (OPIC)[f]	11	290	3,900
Small Business Administration (SBA)[g]	4	123	0
U.S. Trade and Development Program	37	0	0
Totals[h]	$2,655	$12,751	$8,614

Legend

* = $100,000 or less

[a]Includes salaries of U.S. government personnel who are devoted full-time to export promotion, but excludes those who devote only part of their time to export promotion. Part-time export facilitation personnel are found in several government agencies, including the Departments of State and Transportation. These figures also include net claims paid out under agencies' export loan, credit guarantee, and insurance programs. The figures in several cases include obligations or budget authority because some

agencies were unable to provide outlays. The figures also include grants made to exporters for the purpose of enhancing their export capability, and grants to organizations to study export promotion issues.

[b]Consists of $103.4 million spent by the Commodity Import Program, $1 million spent by the Private Investment and Trade Opportunities program, $0.5 million spent by the Trade and Investment Services program, $0.5 million spent by the Market Technology Access Program, $0.3 million spent by the Private Sector Energy Development Study Fund, and $0.3 million spent by the Trade and Investment Monitoring System.

[c]Consists of $890.1 million devoted to the Export Enhancement Program, $761 million paid out in claims on finance programs, $200 million spent by the Market Promotion Program, $105.5 million spent by the Foreign Agricultural Service, $7.8 million spent by the Office of the General Sales Manager (GSM) to manage the GSM-102 and GSM-103 loan guarantee programs, and $7.3 million spent by the Agricultural Research Service.

[d]Consists of $169.8 million spent by the International Trade Administration, $15.9 million spent by the U.S. Travel and Tourism Administration, $7.6 million spent by the Economic Development Agency, $1.2 million spent by the National Institute of Standards and Technology, $0.6 million spent by the Economics and Statistics Administration on the National Trade Data Bank, and $0.1 million spent by the National Oceanic and Atmospheric Administration.

[e]Consists of $158.4 million in net claims paid out under the agency's export loan, credit guarantee, and insurance programs; $145.4 million of war chest grants; and a $21.7-million budget.

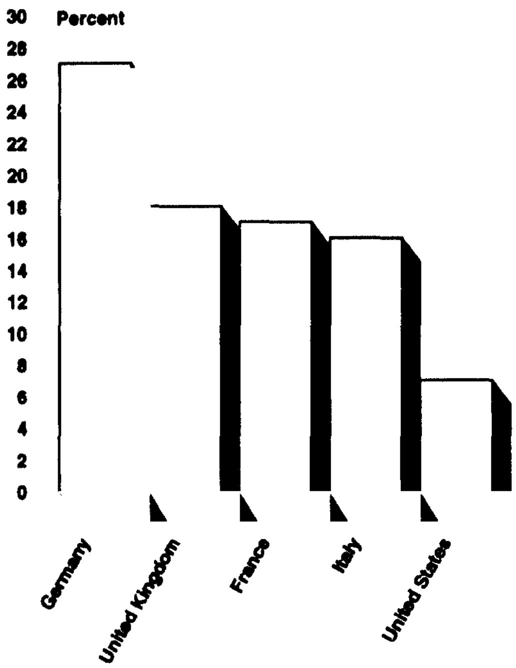
[f]The Overseas Private Investment Corporation is a self-sustaining U.S. government entity whose purpose is to promote economic growth in developing countries by encouraging U.S. private investment in those nations. OPIC activity stimulates U.S. exports as well. The finance and insurance figures for OPIC are overall agency figures, whereas the outlays are for export promotion. The outlays consist of $14.3 million budgeted for salaries and administrative support activities, $3.3 million in recoveries made on its insurance and guarantee programs, and $0.4 million for pre-investment programs.

[g]The export-related loans and loan guarantees shown for SBA are overstated. The amount SBA classifies as export-related loans and guarantees represents all SBA loans and guarantees extended to small businesses that report that they are exporters. Borrowers are not required to use the money for export purposes.

[h]Totals do not add due to rounding and do not include amounts spent by the Departments of State and Defense on export promotion and export facilitation duties. Although Department of State officials told us that commercial duties are an important function of the Department's overseas foreign service staff, especially in the more than 82 posts where the Department of Commerce has no presence, they also told us that the State Department does not have systems in place to measure the amount of staff time spent on this function. Department of Defense officials told us they could not quantify the time spent by the Department's security assistance staff in providing export facilitation assistance to U.S. exporters.

Source: GAO.

FIVE COUNTRIES' EXPORTS AS A PERCENT OF GROSS DOMESTIC PRODUCT, 1990



Source: Organization for Economic Cooperation and Development Main Economic Indicators for Gross Domestic Product (May 1991).

FIVE NATIONAL GOVERNMENTS' OUTLAYS FOR EXPORT PROMOTION PROGRAMS, 1990

Country	Outlays[a] (U.S. dollars[b] in millions)	Outlays per $1,000 exports	Outlays per $1,000 GDP
France[c]	$417	$1.99	$0.350
Germany	93	0.22	0.062
Italy	309	1.71	0.284
United Kingdom	298	1.62	0.305
United States	231	0.59	0.043

Legend

GDP=gross domestic product

[a]In all countries except the United States, the spending includes estimates provided by government officials. Outlays do not include state and local government export promotion spending and are only for "traditional" export promotion activities such as awareness promotion, counseling, information, and trade event programs.

[b]Based on the following conversions using 1990 average exchange rates per U.S. dollar: France--5.7 francs; Germany--1.7 deutsche marks; Italy--1254.3 lire; United Kingdom--0.59 pounds sterling.

[c]In all countries except France, this spending does not include money for agricultural promotion. French officials were unable to separate the agricultural spending from the total but told us that most of this spending is on nonagricultural programs.

Sources: GAO analysis of funding information provided by government officials; and Organization for Economic Cooperation and Development Main Economic Indicators for Gross Domestic Product (May 1991) and Monthly Statistics of Foreign Trade.

FIVE NATIONAL GOVERNMENTS' OVERSEAS EXPORT PROMOTION STAFFING, 1990

Country	Overseas posts	Commercial officers	FSNs[a]	Total staff	Staff per $1 bil. of exports
France	180	100	1,130[b]	1,230	5.87
Germany	50[c]	N/A	N/A	960[d]	2.28
Italy	83	170	580	750	4.14
United Kingdom	185	523	961	1,484	8.05
United States	123	155	460	615	1.56

[a]The United States employs foreign nationals as commercial specialists. They are called "foreign service nationals" (FSN). In other countries, these numbers represent FSN equivalents.

[b]In addition to FSNs, France has a "volunteer" program that provides on-the-job commercial training solely to men as an alternative to military service. In 1990, there were 360 volunteers.

[c]These posts consist only of overseas chambers of commerce offices.

[d]German officials could not provide us with breakouts of commercial officer and FSN equivalents but estimated that in 1990 there were 900 commercial staff in overseas chambers of commerce. Further, the German government employs between 60 and 70 "correspondents" abroad who gather and report commercial information.

Source: GAO analysis of staffing information as provided by government officials and 1991 European Community Economic Handbook.

RELATED GAO PRODUCTS

U.S. Department of Agriculture: Better Management Could Increase Effectiveness of FAS Export Operations (GAO/T-GGD-93-5, Feb. 23, 1993).

Transition Series: International Trade Issues (GAO/OCG-93-11TR, Dec. 1992).

Export Finance: The Role of the U.S. Export-Import Bank (GAO/GGD-93-39, Dec. 23, 1992).

The U.S. Export-Import Bank: The Bank Provides Direct and Indirect Assistance to Small Businesses (GAO/GGD-92-105, Aug. 21, 1992).

Export Promotion: A Comparison of Programs in Five Industrialized Nations (GAO/GGD-92-97, June 22, 1992).

The U.S. Export-Import Bank: The Bank Plays an Important Role in Promoting Exports (GAO/T-GGD-92-36, May 6, 1992).

Export Promotion: U.S. Programs Lack Coherence (GAO/T-GGD-92-19, Mar. 4, 1992).

Financial Audit: Export-Import Bank's 1990 and 1989 Financial Statements (GAO/AFMD-92-6, Feb. 3, 1992).

Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

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