

July 1995

**International Trade,
Finance, and
Competitiveness Issue
Area Plan**

Fiscal Years 1995-96



Foreword

As the investigative arm of Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose fraud, waste, abuse, and mismanagement in federal programs; help Congress target budget reductions; assess financial information management; and alert Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases, or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing Congress, each of GAO's 35 issue areas develops a strategic plan that describes the significance of the issues it addresses, its objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

The International Trade, Finance, and Competitiveness issue area covers the Export-Import Bank of the United States, the Office of the U.S. Trade Representative, the U.S. International Trade Commission, the U.S. Trade and Development Agency, the Foreign Agricultural Service of the Department of Agriculture, and the International Trade Administration in the Department of Commerce.

The principal issues in the international trade, finance, and competitiveness area are

- assuring that U.S. economic interests are well-served through international accords and organizations;
- promoting the economy, efficiency, and effectiveness of government organizations and programs related to international trade and finance;
- evaluating whether and how government programs and policies affect business productivity and the standard of living for Americans.

In the pages that follow, we describe our key planned work on these critical issues.

In recognition that events may significantly affect our plan, our planning process allows for updating the plan and responding quickly to emerging

issues. If you have any questions or suggestions about this plan, please call me at (202) 512-4812.



Allan Mendelowitz
Managing Director
International Trade, Finance, and Competitiveness
Issues

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Table I: Key Issues

Issue	Significance
International accords: How can U.S. interests be enhanced through participation in bilateral and multilateral trade agreements and other economic institutions?	Congress has recently passed two controversial multilateral trade agreements, NAFTA and GATT, which involved vigorous congressional debate over potential trade, economic, and employment effects as well as concern about U.S. sovereignty. Experience has shown that monitoring trade agreements is essential if the United States is to realize the benefits it attempted to achieve. Furthermore, these trade agreements are expected to be expanded over the next few years, leading to extensive congressional debate about renewing fast-track negotiating authority for the President. In addition, the administration will continue to conduct bilateral negotiations to enhance U.S. economic interests with such countries as Japan and Russia.
Government organizations and programs: Are U.S. government international trade and finance organizations and programs efficiently managed and effective in promoting U.S. economic interests?	Thirteen U.S. government agencies collectively spend about \$3.5 billion annually on export promotion programs. Numerous budget, operational, organizational, and coordination issues need to be addressed to ensure that federal expenditures are efficient and effective.
Competitiveness: How do government programs and policies affect U.S. competitiveness?	Fundamental obstacles remain to improving U.S. competitiveness in the global economy. Recent productivity increases have not been translated into higher real wages and an overall improvement in the standard of living. Many fear that, as a nation, the United States still provides inadequate training and education for the U.S. workforce, insufficient investment in infrastructure and inadequate long-term investment in research and development and capital assets.

Table I: Key Issues

Objectives	Focus of work
<ul style="list-style-type: none"> •Evaluate whether U.S. negotiations achieve the stated objectives in international agreements. •Monitor implementation of agreements to ensure they are promoting U.S. interests. •Evaluate efforts to establish new agreements and proposals to strengthen existing agreements and institutions. 	<ul style="list-style-type: none"> •Implementation of NAFTA and Uruguay Round agreements and their effects on U.S. interests. •U.S. and foreign participation in regional trade agreements. •Bilateral trade agreements. •Efforts to address nontariff trade barriers.
<ul style="list-style-type: none"> •Identify management improvements, legislative changes, and regulatory reforms that would improve market development, improve export promotion and financing programs, and produce budgetary savings. •Identify ways to improve governmentwide strategic planning, budgeting, and program coordination. •Promote the design of trade programs that respond to other nations' trade and investment practices. •Identify ways to reduce waste, fraud, or abuse in agency program management. 	<ul style="list-style-type: none"> •Implementation of the governmentwide strategic plan for export promotion, including coordination of program goals and operations through the Trade Promotion Coordinating Committee. •Review of Eximbank reinvention efforts that are designed to improve trade finance programs to better meet customer financing needs and to improve administrative efficiencies. •Review of major competitor nations' export credit agencies' export financing systems. •Given the impending 1995 Farm Bill, monitor and evaluate Agriculture Export Title programs and issues, including the revised long-term strategy, structure, organization, and operation of revisions to agriculture export programs, in light of changes resulting from GATT and NAFTA implementation legislation.
<ul style="list-style-type: none"> •Work across GAO issue areas to provide Congress with information and analysis for assessing the impact of government activities on competitiveness issues. •Identify competitiveness trade-offs and conflicts within/among programs and policies. •Assess the availability and quality of data and evaluation methodologies for determining competitiveness impacts. 	<ul style="list-style-type: none"> •Studies of macro- and microeconomic conditions driving business activities. •Promotion of U.S. economic interests through trade, development, and other international policies. •Effect of government policies and programs on saving rate, investment, and productivity growth. •Efforts to achieve a higher quality workforce. •Efforts to foster a strong technology base that leads to productivity growth. •Contribution of infrastructure investment to economic development and business productivity.

Table II: Planned Major Work

Issue	Planned major job starts
International accords	<ul style="list-style-type: none"> — Examine Mexican financial crisis and U.S. response. — Assess ability of international financial institutions to respond to liquidity crises. — Monitor establishment of the World Trade Organization. — Evaluate operations of NAFTA commissions. — Examine NAFTA accession issues. — Assess impact of environmental rules and standards on trade. — Review status of U.S. trade initiatives in Asia. — Monitor progress in negotiating trade agreements to achieve market access for U.S. service sectors.
Government organizations and programs	<ul style="list-style-type: none"> — Evaluate effectiveness of U.S. government project finance programs in transitional and emerging markets. — Examine organizational structure, operations, and budgetary implications of the Department of Commerce's management of international trade programs and activities. — Monitor the executive branch's implementation of import laws, including unfair trade practice laws, import relief laws, and tariff preference programs. — Examine alternative agricultural export finance programs and related budgetary implications. — Review competitor countries' agricultural export finance programs. — Review integration of all agricultural export promotion programs and activities and related budgetary implications.
Competitiveness	<ul style="list-style-type: none"> — Review competitiveness indicators. — Review key employment regulations. — Examine institutional investor strategies. — Evaluate infrastructure projects and productivity. — Evaluate quality workforce efforts. — Analyze cooperative research arrangements.

Table III: GAO Contacts

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