



## Agency Priority Goal Action Plan

# Increase the Economic Impact of U.S. Trade

### **Goal Leader:**

Joseph Semsar, Deputy Under Secretary for International Trade, Performing the Non-Exclusive Functions and Duties of the Under Secretary for International Trade

### **Deputy Goal Leaders:**

Ian Steff, Assistant Secretary for Global Markets and Director General of the U.S. & Foreign Commercial Service

Nazak Nikakhtar, Assistant Secretary for Industry & Analysis

Jeffrey Kessler, Assistant Secretary for Enforcement & Compliance

# Overview

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## Goal Statement

The Department of Commerce International Trade Administration (ITA) supports jobs for American workers and strengthens U.S. economic and national security by facilitating U.S. exports and inward investment. In fiscal years (FY) 2020 and 2021, ITA will increase the dollar value of U.S. exports and inward investment facilitated by 10 percent annually, while ensuring that over 75 percent of U.S. exporter clients assisted are small and medium-sized enterprises (SMEs).

## Challenge

- U.S. exports and inward investment are dependent on a robust and growing global economy. The COVID-19 pandemic has significantly disrupted global trade and investment.
- Prior to COVID-19 and despite ITA having facilitated over \$100 billion in U.S. exports and inward investment two years in a row (FY 2018 and FY 2019), the FY 2019 dollar value of U.S. exports and inward investment facilitated by ITA decreased 16% year-over-year from \$128 billion in FY 2018 to \$107 billion in FY 2019.
- Unfair trade practices and increasingly complex international markets can place U.S. businesses at a disadvantage in global markets. Today, U.S. firms are challenged to keep up with foreign competitors in rapidly-changing markets and in virtually all industries. These challenges and barriers must be addressed if U.S. companies are to succeed internationally.

## Opportunity

- U.S. exports and inward investment can play a critical role in revitalizing the U.S. economy and supporting millions of American jobs across the country as we recover from the COVID-19 pandemic.
- ITA's global network of industry, trade, and investment experts located in Washington, D.C., around the world in 116 cities in 76 countries, and in 106 locations across the U.S. have ramped up virtual services and is well positioned to help U.S. entities – particularly small and medium-sized businesses – increase exports and attract investment in an increasingly challenging environment.
- Modernization of ITA's IT systems, including the launch of a unified digital experience in FY 2020, will continue to improve the efficiency and effectiveness of customer assistance.

# Leadership & Implementation Team

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## Department of Commerce/International Trade Administration Goal Leaders

**Joseph Semsar**  
Deputy Under Secretary for International Trade,  
Performing the Non-Exclusive Functions and Duties of the  
Under Secretary for International Trade

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Assistant Secretary for Industry &  
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Markets and Director General of the  
U.S. & Foreign Commercial Service"]; A --- D["Jeffrey Kessler  
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Markets and Director General of the  
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**Jeffrey Kessler**

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Enforcement & Compliance

# Goal Structure & Strategies

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ITA will leverage the unique roles and skill sets of each ITA unit to increase the dollar value of U.S. exports and inward investment. In particular, ITA will focus its attention to ensure that over 75% of U.S. exporter clients assisted are SMEs. ITA-wide efforts include:

- **Support the economic recovery of SMEs due to the impact of COVID-19.\***
- Help U.S. companies, particularly SMEs, engage foreign buyers, partners, and decision-makers to maintain and build their business relationships.
- Engage foreign governments, including through virtual platforms, on unfair trade practices/barriers adversely affecting U.S. exports.
- Level the playing field for U.S. firms competing for foreign government procurements.
- Monitor and ensure foreign governments comply with international trade agreements.
- Assist investors and states/localities to facilitate increased investment in U.S. communities.
- Lead coordination of investment promotion across the U.S. Government and key partners.
- Accelerate hiring and deliver training needed to address critical skills gaps.
- Modernize IT systems and business processes to enhance organizational efficiency/effectiveness.

\*ITA received OMB approval for an exemption through September 30 from charging user fees for export and investment promotion services which will reduce user fees by up to 100% for U.S. SMEs and EDOs and up to 50% for large U.S. companies. Additional requests must be fulfilled using the regular CS User Fee Schedule. Only U.S. companies and EDOs requesting assistance for their own use/benefit are eligible for the discount.

# Summary of Progress – FY 20 Q3

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Due to the COVID-19 global pandemic, ITA is not on track to achieve a 10% annual increase in the dollar value of U.S exports/inward investment facilitated.

To mitigate the effects of COVID-19, ITA continues to conduct virtual outreach and digital engagement.

ITA is on track to achieve at least 75% of U.S. exporter clients assisted are SMEs.

**ITA assisted over 23,000 U.S. exporter clients through Q3. As the Q3 status for FY 2019 totaled to 23,341 export clients assisted, ITA is currently on par with last fiscal year. The proportion of U.S. exporter clients assisted that are SMEs increased to 91 percent through Q3.**

- For example, ITA advocacy helped Lockheed Martin sign a Foreign Military Sale contract with the Government of India to provide the Indian Navy with 24 Multi-Role Helicopters. The total value was \$2.1 billion, and the U.S. export content value was \$1.6 billion.

**ITA reduced, removed, and prevented 120 trade barriers through Q3, 18 of which ensured our trading partners were in compliance with their trade agreement obligations.**

- For example, as a result of ITA's persistence and coordinated USG and industry engagement, including training for Cambodian officials, Cambodia implemented a final regulation that allows for the continued flow of \$340 million in annual U.S. exports of autos and auto parts into Cambodia.

**ITA assisted over 4,500 investment clients through Q3. The target for FY 2020 is 6,500.**

- For example, ITA's investment promotion helped Greece's Sunlight invest \$6.5 million in a 9,700 square meter assembly hub in North Carolina, creating 46 new jobs.

# Key Milestones

## Promote and Advocate for U.S. Exporters Around the Globe

Key Milestone	Milestone Due Date	Milestone Status	Comments
Trade Winds – IndoPacific	FY 2020 Q3	Postponed*	Largest annual USG-led trade mission
Prosper Africa	FY 2020 Q4	On Track	USG initiative for expanding trade and investment with Africa.
U.S.-India CEO Forum	FY 2020 Q4	On Track	Bilateral strategic and collaborative discussion on post-pandemic opportunities.
Discover Global Markets - Advanced Manufacturing	FY 2020 Q4	On-Track	Largest annual export promotion event in the U.S. and planned to be a hybrid of in-person and virtual format.

## Reduce, Remove, and Prevent Foreign Trade Barriers

Key Milestone	Milestone Due Date	Milestone Status	Comments
USMCA Implementation	FY 2020 Q4	On-track	Lead engagement with U.S. business community
Commercial Dialogues	FY 2020 Q4	On-track**	Argentina, Brazil, Czech Republic, France, Germany, India, Japan, Nigeria, Norway, South Korea, and Sweden
External outreach & education leveraging existing trade barrier materials	FY 2020 Q4	On-Track	Examples: dissemination of Trade Barrier video; providing education and outreach to ITA constituents about ITA services and about existing or potential trade barriers
Continued refinement and application of internal trade barrier SOPs & training material	Ongoing	On-Track	Examples: refine as needed trade barrier case work Customer Relationship Management standards; create online Training Modules and short training videos – 101, 201, specialized portfolio/issue training (IPR, Digital, Services, etc.)

\* The pace and scope of implementation is at risk due to the health and economic challenges due to the COVID-19 pandemic.

\*\* Due to COVID-19 pandemic, some dialogues may be virtual or delayed.

# Key Milestones (Continued)

## Attract Business Investment into the United States

Key Milestone	Milestone Due Date	Milestone Status	Comments
SelectUSA Summit	FY 2020 Q3	Postponed*	Largest investment promotion event in the U.S.
SelectUSA Road Shows (x5)	FY 2020 Q4	Postponed*	Promotional events overseas in key markets

## Equip and Develop ITA's Workforce for the 21<sup>st</sup> Century

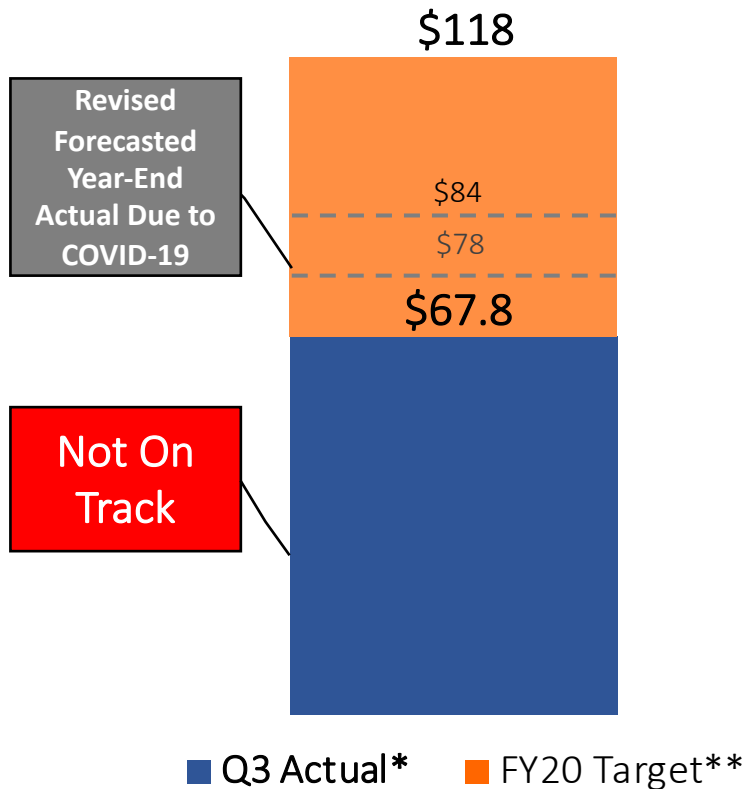
Key Milestone	Milestone Due Date	Milestone Status	Comments
Unified Portal Launch	FY 2020 Q2	Completed	From February through July, TSI/ODSE facilitated the development of 6,444 pages that were viewed by 1.1 million unique visitors with 3.3 million page views. ITA's website served customers who completed 4.9 million consumption behavior events that include reading content, watching videos, downloading documents, and requests for ITA assistance.
Global Markets hiring to meet \$130 million target in compensation mandated by Congress	FY 2020 Q3	At Risk**	Hiring actions to bring GM staffing up to over 1,400

\* While the Summit and Road Shows are postponed, SelectUSA is still actively conducting successful outreach, including efforts via digital format.

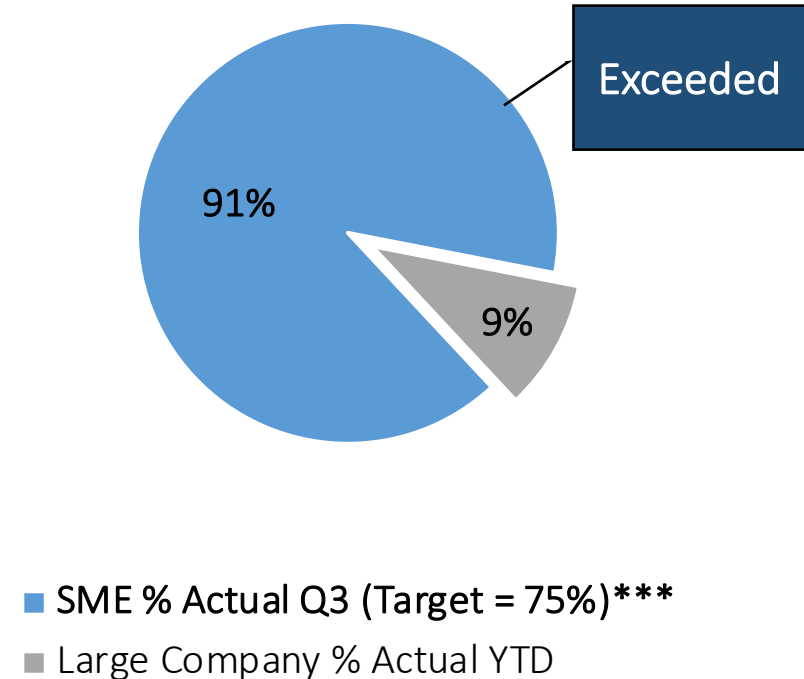
\*\*GM has been successful hiring new Commercial Officers and GS employees, however hiring efforts for overseas staff face increased challenges due to closures and reduced administrative support during the COVID-19 pandemic.

# Key Indicators – Q3 Results

## U.S. Exports & Inward Investment Facilitated (\$ Billions)



## Percent U.S. Exporter Clients Assisted



\* Dollar value may change once trade barrier valuations and economic impact assessments are finalized at the end of FY 2020.

\*\* FY 2020 target of \$118 billion is a 10% increase from FY 2019 actual of \$107 billion.

\*\*\* SMEs are organizations with less than 1,000 employees. Note that due to improved Customer Relationship Management data, ITA can more accurately track company size for clients assisted. See slide 13 for details.



# Anticipated ITA Annual Dollar Value Impact – Q3 Forecast

Given the impact of the COVID-19 pandemic on the global economy to-date, and the uncertainty of both the scope and the speed of the post-COVID 19 recovery, ITA does not anticipate realizing the \$118 billion target it set at the beginning of the fiscal year.

ITA conducted an analysis of client WINs in the pipeline and leading third-party economic forecasts\* to estimate its annual dollar value impact due to COVID-19.

As of the end of Q3, ITA anticipates the annual dollar value of U.S. exports and inward investment facilitated will be in the range of **\$78-84 billion for FY 2020**.

## Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
<b>World Output</b>	<b>2.9</b>	<b>-4.9</b>	<b>5.4</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>-8.0</b>	<b>4.8</b>
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Germany	0.6	-7.8	5.4
France	1.5	-12.5	7.3
Italy	0.3	-12.8	6.3
Spain	2.0	-12.8	6.3
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies	1.7	-4.8	4.2
<b>Emerging Markets and Developing Economies</b>	<b>3.7</b>	<b>-3.0</b>	<b>5.9</b>
Emerging and Developing Asia	5.5	-0.8	7.4
China	6.1	1.0	8.2
India	4.2	-4.5	6.0
ASEAN-5	4.9	-2.0	6.2
Emerging and Developing Europe	2.1	-5.8	4.3
Russia	1.3	-6.6	4.1
Latin America and the Caribbean	0.1	-9.4	3.7
Brazil	1.1	-9.1	3.6
Mexico	-0.3	-10.5	3.3
Middle East and Central Asia	1.0	-4.7	3.3
Saudi Arabia	0.3	-6.8	3.1
Sub-Saharan Africa	3.1	-3.2	3.4
Nigeria	2.2	-5.4	2.6
South Africa	0.2	-8.0	3.5
Low-Income Developing Countries	5.2	-1.0	5.2

Source: IMF, *World Economic Outlook Update*, June 2020

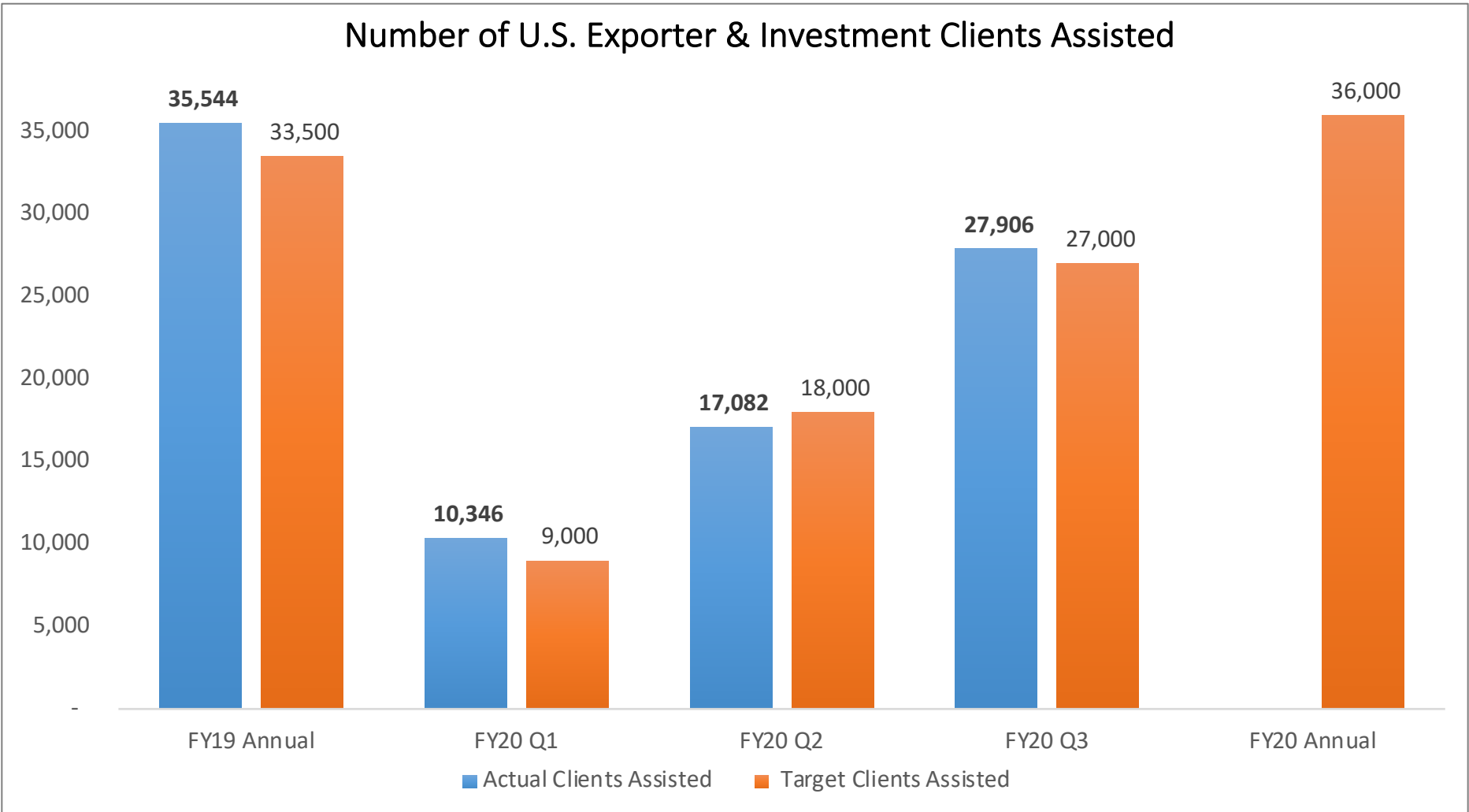
Note: For India, data and forecasts are presented on a fiscal year basis, with FY2020/2021 starting in April 2020. India's growth is -4.9 percent in 2020 based on the calendar year.

INTERNATIONAL MONETARY FUND

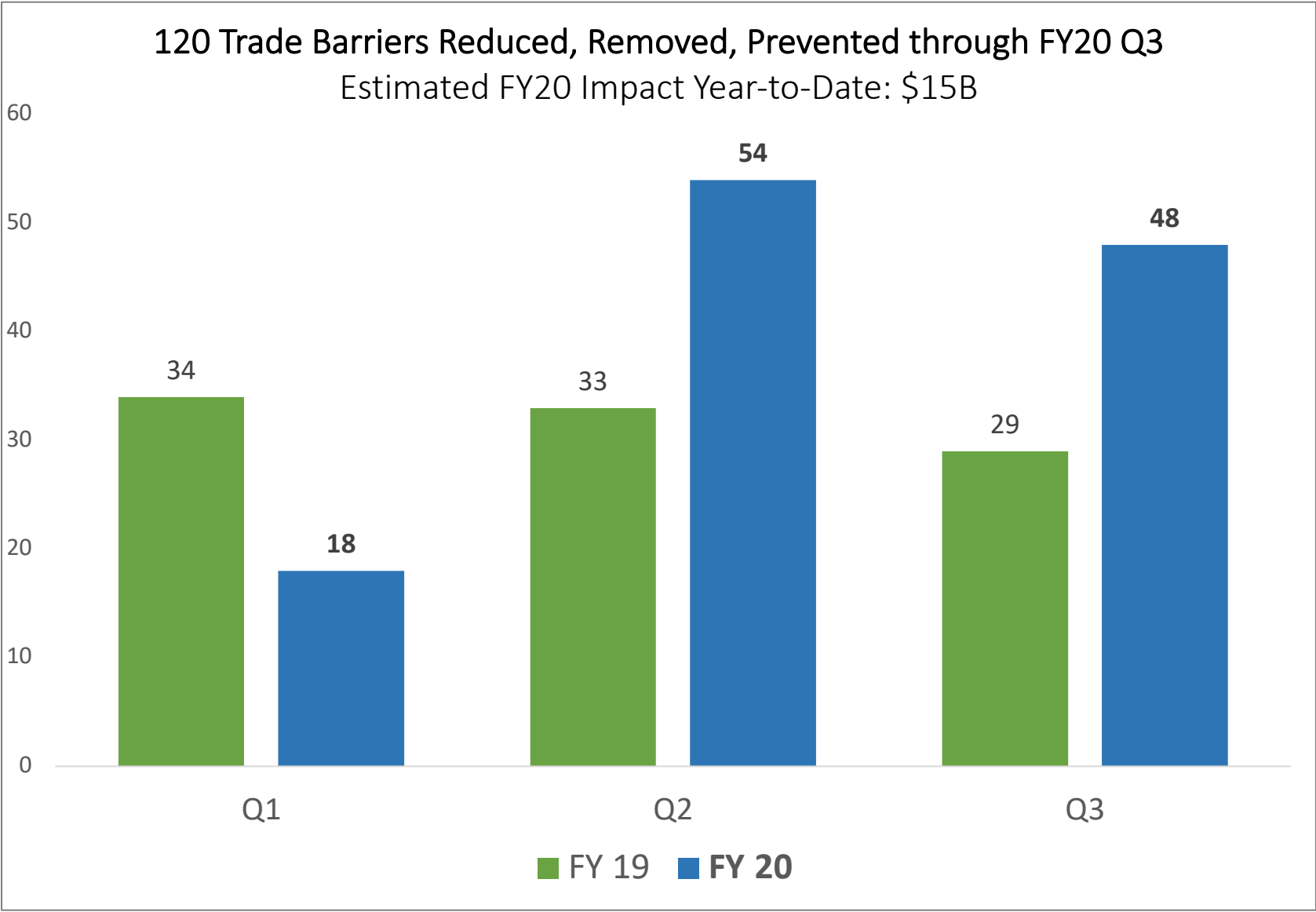
IMF.org

\*Third-party economic forecasts: IMF, UNCTAD, IHS Markit, Bloomberg, IBIS World, Goldman Sachs, Morgan Stanley, etc.

# Contextual Indicators – Clients Assisted Q3 Results



# Contextual Indicators – Trade Barriers Q3 Results



# Data Accuracy and Reliability

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## Advocacy WINS

- WINS reported by ITA's Advocacy Center require a contract signed by the U.S. company and foreign government with the total contract value and a U.S. export content value. Only U.S. export content value is included in what is reported for ITA's economic impact.

## Trade Barrier WINS

- Company/industry association verified estimates;
- Partial-equilibrium approximation (i.e.,  $\text{Change in Export Value} = \text{Initial Export Value} \times \text{Import Demand Elasticity} \times \text{Ad Valorem Equivalent Tariff Rate}$ ); or
- Customized valuation determined by ITA's economists.

## Investment Promotion WINS

- WINS reported by ITA's SelectUSA require client verification or other official documentation.

## Export Promotion Results

- Due to the significant volume of clients assisted with export promotion and transactional commercial diplomacy, ITA conducts a survey of a sample of clients assisted to minimize the reporting burden on clients and maximize staff time spent assisting clients.
- The survey collects data on revenue and jobs created or retained as a result of ITA's assistance.
- An extrapolation of the survey results for clients with export promotion and transactional commercial diplomacy assistance (e.g., not related to trade barriers or advocacy) is then estimated for the entire client population based on guidance from the Census Bureau.

# Data Accuracy and Reliability (Continued)

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## Number of Clients Assisted

- Calculated based on organizations, not individual contacts, in ITA's customer relationship management (CRM) database with a case opened, closed, or activity entered.
- Clients assisted or impacted by trade barriers removed, reduced, or prevented are not included as the data is not currently linked to ITA's CRM.

## SME Percentage of U.S. Exporter Clients Assisted

- Percentage of U.S. exporter clients assisted with 1,000 or fewer employees.
- Number of employees for a company includes affiliation (i.e., parent and child companies).

# Additional Information

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## Contributing Programs

### Organizations:

- International Trade Administration (i.e., Global Markets [GM] Unit, Enforcement & Compliance [E&C] Unit, and Industry & Analysis [I&A] Unit)
- Other Department of Commerce Bureaus (e.g., National Oceanic and Atmospheric Administration [NOAA], National Institute of Standards and Technology [NIST], United States Patent and Trademark Office [USPTO], Bureau of Industry and Security [BIS])
- Other USG agencies involved in trade (e.g., U.S. Trade Representative [USTR], U.S. Department of State [DOS], U.S. Department of Agriculture [USDA])

### Other Federal Activities:

- Interagency Compliance Taskforce
- USDA Trade Barrier Team
- Relevant Trade Law (e.g., Section 301) Enforcement