



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

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 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, there is foreign competition in virtually every industry, challenging U.S. firms to keep up with foreign competitors in rapidly-changing markets and 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 93 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

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 Global
Markets and Director General of the
U.S. & Foreign Commercial Service

Jeffrey Kessler

Assistant Secretary for
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Goal Structure & Strategies

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.

Summary of Progress – FY 20 Q1 & Q2

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.

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

ITA assisted over 17,000 U.S. exporter clients through Q2.

- For example, ITA's Discover Global Markets (DGM) event took place in Houston, Texas (Sept. 30-Oct. 2, 2019) and focused on Oil & Gas, Energy & Electricity Infrastructure opportunities across the Middle East and Africa. The event convened more than 200 U.S. companies and 100 foreign officials and executives from the public and private sectors of Ethiopia, Ghana, Kenya, Morocco, Nigeria, South Africa, and other regional markets who came to the event seeking U.S. suppliers and partners.

ITA reduced, removed, and prevented 71 trade barriers through Q2, ten of which ensured our trading partners were compliant with their trade agreement obligations.

- For example, ITA convinced India to withdraw 6 WTO-Technical Barriers to Trade non-compliant medical device regulations that threatened an industry-estimated \$296 million in annual U.S. exports.
- ITA is securing Kenya's full WTO Trade Facilitation Agreement implementation timeline to provide key customs information to U.S. exporters and to help set the stage for FTA negotiations.

ITA assisted over 3,100 investment clients through Q2.

- For example, ITA assisted Indian company Bharat Forge to invest \$127 million in a project in Sanford, North Carolina, to build a state-of-the-art greenfield aluminum forging mill and a high-precision machine shop. The project will create 460 new jobs in advanced manufacturing. According to the governor's office, over the course of 12 years, the project will add an estimated \$787.1 million to North Carolina's economy.

Key Milestones

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

Key Milestone	Milestone Due Date	Milestone Status	Comments
Prosper Africa	Q4, FY20	At Risk*	USG initiative for expanding trade and investment with Africa
Trade Winds - IndoPacific	Q3, FY20	Postponed**	Largest annual USG-led trade mission
Discover Global Markets - Advanced Manufacturing	Q4, FY20	On-Track	Largest annual export promotion event in the U.S.

Reduce, Remove, and Prevent Foreign Trade Barriers

Key Milestone	Milestone Due Date	Milestone Status	Comments
USMCA Implementation	Q4, FY20	On-track	Lead engagement with U.S. business community
Commercial Dialogues	Q4, FY20	On-track***	Argentina, Brazil, Czech Republic, France, Germany, India, Japan, Nigeria, Norway, South Korea, and Sweden
External outreach & education leveraging existing trade barrier materials	Q4, FY20	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 Prospect Africa's implementation is at risk due to the health and economic challenges in the continent due to COVID-19 pandemic.

** Due to COVID-19 pandemic.

*** Due to COVID-19, 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	Q3, FY20	Postponed*	Largest investment promotion event in the U.S.
SelectUSA Road Shows (x5)	Q4, FY20	At Risk*	Promotional events overseas in key markets

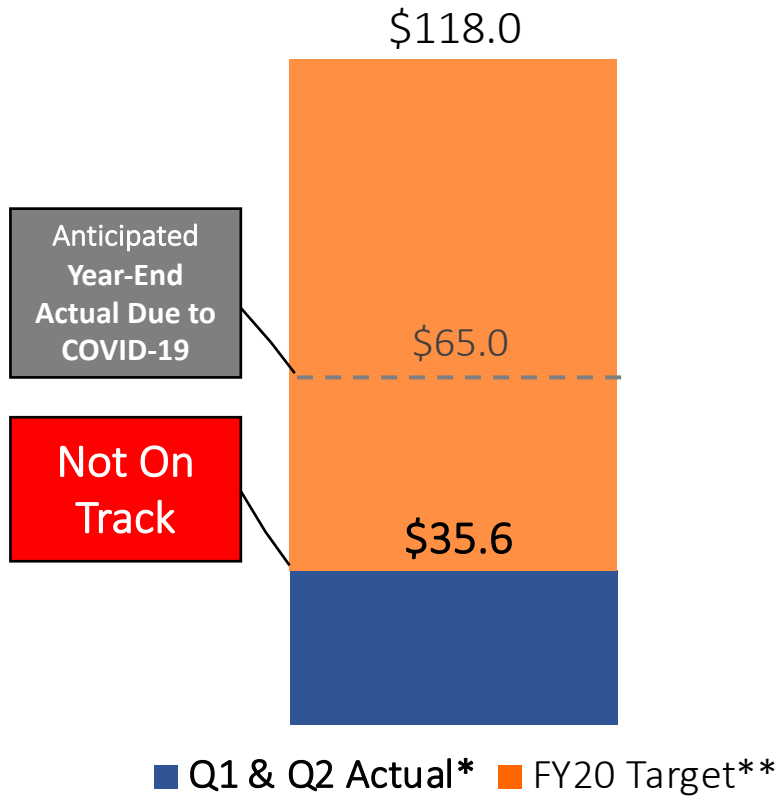
Equip and Develop ITA's Workforce for the 21st Century

Key Milestone	Milestone Due Date	Milestone Status	Comments
Unified Portal Launch	Q2, FY20	Completed	Soft-launch of unified web presence occurred in January
Global Markets hiring to meet \$130 million target in compensation mandated by Congress	Q3, FY20	At Risk*	Hiring actions to bring GM staffing up to over 1,400

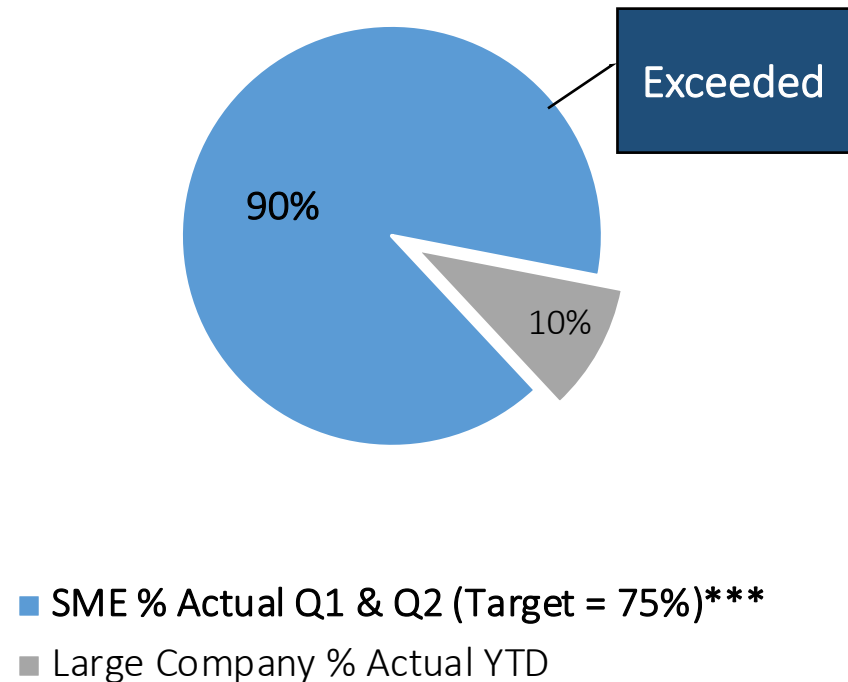
* Due to COVID-19 pandemic.

Key Indicators – Q1 & Q2 Results

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



Percent U.S. Exporter Clients Assisted That Are SMEs



* Does not include trade barrier Written Impact Narratives (WINS) with economic impact assessments to be completed in Q3 of FY 2020.

** FY 2020 target of \$118 billion is a 10% increase from FY 2019 actual of \$107 billion. FY 2020 Q2 target was \$45.3 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 – Q2 Forecast

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

ITA conducted an analysis of client WINs in the pipeline and leading 3rd party economic forecasts to estimate its annual dollar value impact due to COVID-19.

As of the end of Q2, ITA anticipates the annual dollar value of U.S. exports and inward investment facilitated will be within the range of \$65 to \$75 billion for FY 2020.

Latest World Economic Outlook Growth Projections

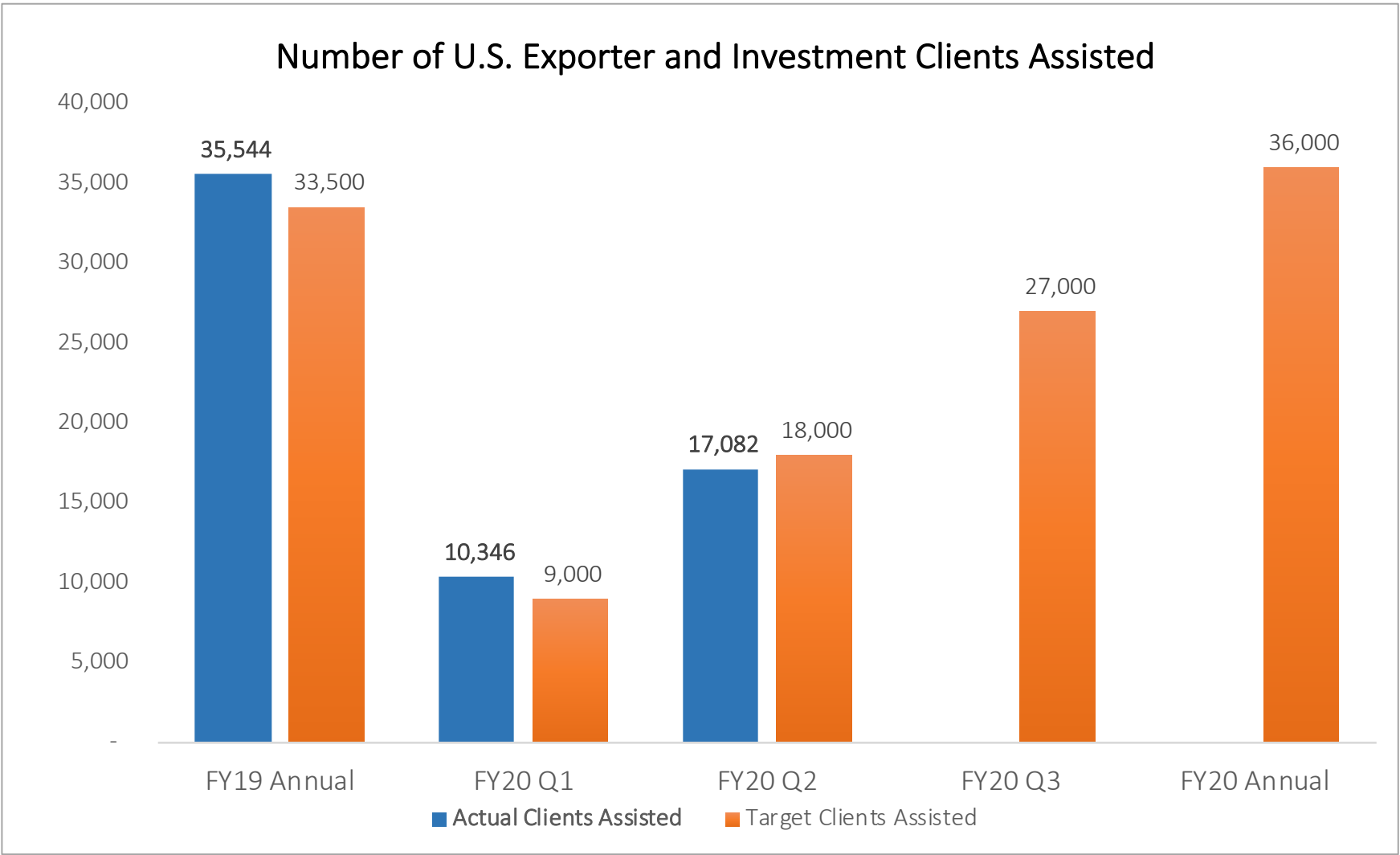
The COVID-19 pandemic will severely impact growth across all regions.

(real GDP, annual percent change)	2019	PROJECTIONS	
		2020	2021
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
Japan	0.7	-5.2	3.0
United Kingdom	1.4	-6.5	4.0
Canada	1.6	-6.2	4.2
Other Advanced Economies	1.7	-4.6	4.5
Emerging Markets and Developing Economies	3.7	-1.0	6.6
Emerging and Developing Asia	5.5	1.0	8.5
China	6.1	1.2	9.2
India	4.2	1.9	7.4
ASEAN-5	4.8	-0.6	7.8
Emerging and Developing Europe	2.1	-5.2	4.2
Russia	1.3	-5.5	3.5
Latin America and the Caribbean	0.1	-5.2	3.4
Brazil	1.1	-5.3	2.9
Mexico	-0.1	-6.6	3.0
Middle East and Central Asia	1.2	-2.8	4.0
Saudi Arabia	0.3	-2.3	2.9
Sub-Saharan Africa	3.1	-1.6	4.1
Nigeria	2.2	-3.4	2.4
South Africa	0.2	-5.8	4.0
Low-Income Developing Countries	5.1	0.4	5.6

Source: IMF, World Economic Outlook, April 2020

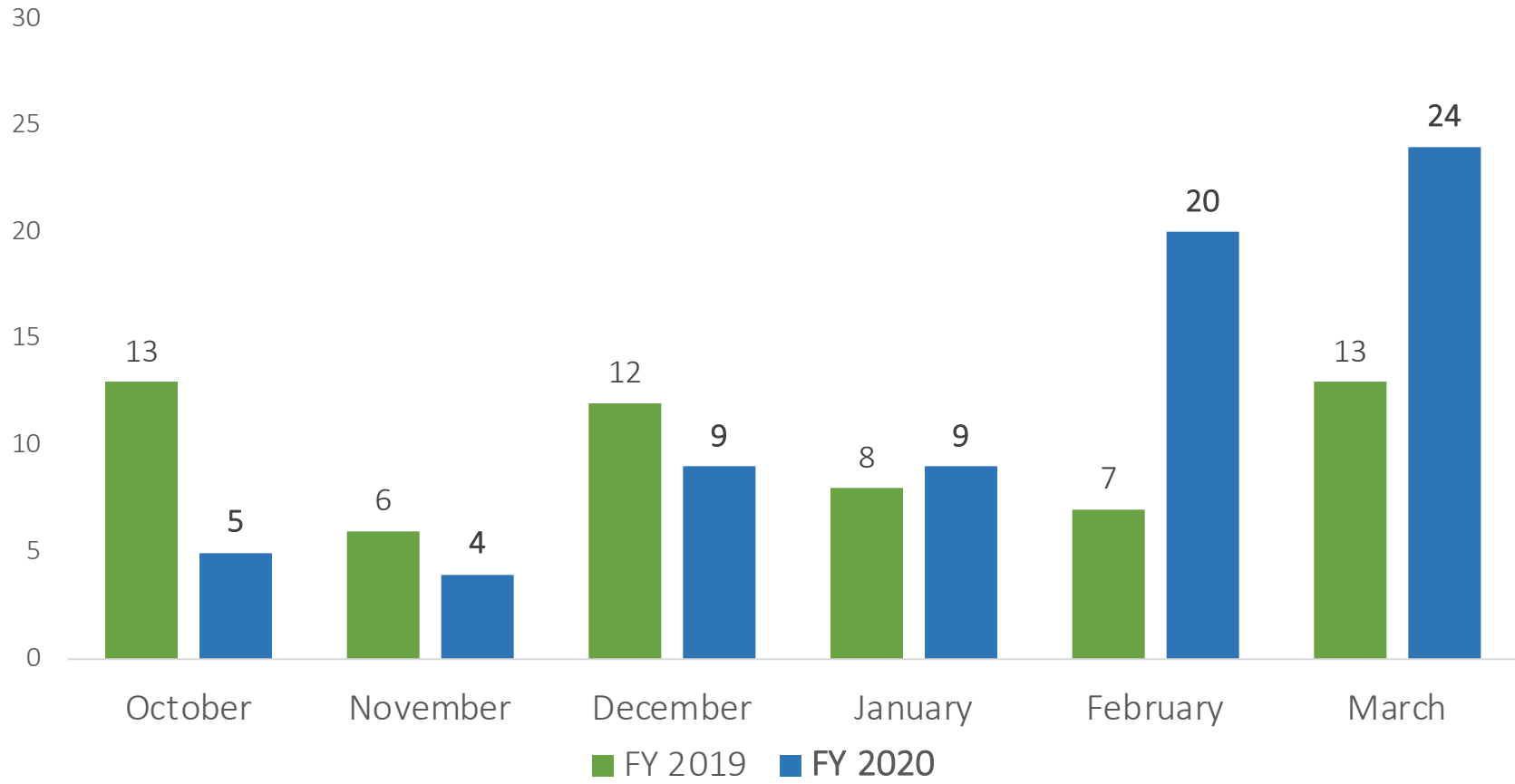
INTERNATIONAL MONETARY FUND
IMF.org

Contextual Indicators – Clients Assisted Q1 & Q2 Results



Contextual Indicators – Trade Barriers Q1 & Q2 Results

71 Trade Barriers Reduced, Removed, Prevented During FY20 Q1 & Q2
Estimated FY2020 Impact Year-to-Date: \$5.9 Billion



Data Accuracy and Reliability

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)

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).
- As of February 1, 2020, ITA’s CRM data significantly improved with a new source of company size data, which provided ITA with greater accuracy in determining the company size of its U.S. exporter clients assisted. The more accurate data revealed that over 90% of the U.S. exporter clients ITA has assisted in recent years are SMEs. In fact, the average for SME clients assisted in the period FY 2017 - 2019 is 91.6%:

Fiscal Year	Old SME Data	New SME Data
FY17	84%	91.5%
FY18	83%	91.7%
FY19	77%	91.5%
FY20 YTD	79% (Jan)	90.0%
FY17-19 Total	81%	91.6%

Additional Information

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