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UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

OFFICE OF THE SECRETARY

FOR IMMEDIATE RELEASE
FRIDAY, JANUARY 31, 1997

CONTACT: Anne Luzzatto
(202) 482-4883

The Commerce Department announced today that Gross Domestic Product in the fourth quarter of 1996 grew at an annual rate of 4.7 percent. It is hard to imagine an improvement on the results we have reported today. Growth is up, but inflation is not. Consumer incomes are rising as we continue to create new and better jobs. Our economy continues to invest in new technology. Exports are up, and productivity growth is strong. There is an abundance of good economic news.

Today's numbers provide a powerful reminder of this Administration's economic accomplishments. We have reduced the federal deficit and created the conditions for more investment. We have opened foreign markets and helped our firms enter them. And we have defended such basic building blocks of economic growth as R&D, education, worker training, and developing our nation's infrastructure. And the result is that President Clinton has transformed the listless economy he inherited four years ago into what is once again the world's economic locomotive.

Over the past four years, I have watched our economy renew itself from far outside the Beltway. Today is my first day at this, my new job as Commerce Secretary. And part of that job is to ensure that we continue to create the tools -- be they trade development, technological diffusion, economic information, intellectual property protection, or whatever else -- that allow our economy to move ahead. Along those lines, I want to thank our Department's economic and statistics agencies for their work in providing to our nation their reliable economic record. I have committed myself to ensuring that those tools work fairly and efficiently. But I am just as committed to ensuring that this Department continue to perform the important role it has played in producing the kinds of economic results we have reported this morning.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

February 12, 1998

MEMORANDUM FOR MICHAEL MCCURRY

FROM: REBECCA M. BLANK Rebecca M. Blank

SUBJECT: January Retail Sales, Commerce Department Release, Thursday, 8:30 a.m.

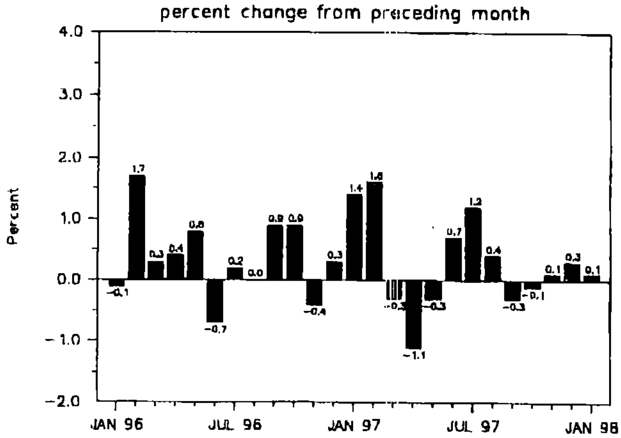
Nominal retail sales rose 0.1 percent in January; markets had expected a slightly larger increase.

- Sales among the Commerce Department's sample of automotive dealers fell 1.1 percent in January. Separate data from automotive manufacturers indicate a roughly similar decline.

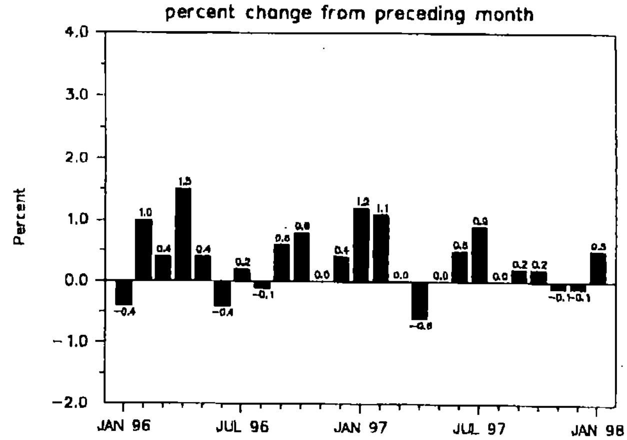
- Excluding motor vehicles, retail sales rose by 0.5 percent in January; this was in line with market expectations.

In late January, the Commerce Department reported that real consumption grew at an annual rate of 3.2 percent in the fourth quarter. These retail sales figures suggest that measured fourth-quarter consumption growth will be revised downward slightly, by half a percentage point or less.

TOTAL RETAIL SALES
percent change from preceding month



RETAIL SALES EX AUTOMOTIVE
percent change from preceding month



UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

OFFICE
OF THE
SECRETARY

FOR IMMEDIATE RELEASE:
Monday, March 3, 1997

CONTACT: Maria Cardona
202-482-4883

COMMERCE SECRETARY WILLIAM DALEY UNVEILS DEPARTMENTAL TRADE MISSION POLICY
Policy Ensures a Transparent Process With Objective Guidelines and Standards

Washington, D.C. -- Commerce Secretary William Daley today unveiled a comprehensive Departmental policy governing all aspects of trade missions from private-sector recruitment to post-mission reports. The policy, the result of a thirty-day review of the procedures, rules and criteria for trade missions, will be implemented immediately and cover all Commerce Department trade missions.

"In developing the first, comprehensive written policy governing Department of Commerce trade missions, we have established a detailed series of guidelines for all types and all levels of trade missions organized by the Commerce Department. From this time forward, we will have in place a fully transparent process where relevant documents will be available on the public record," Secretary Daley stated.

The policy entitled *Statement of Policy Governing Department of Commerce Overseas Trade Missions* sets forth objective guidelines to ensure that all decisions regarding trade missions are based upon appropriate criteria related to the underlying public policy. The policy stipulates that relevant documentation related to trade missions will be available to the public. A comprehensive discussion of the trade mission authorization process, the recruitment and selection of private-sector participants for missions, the mission costs and post-mission reports also are covered by criteria outlined in the new policy.

"This top-to-bottom review was initiated to cover procedures, rules and criteria that govern these missions. The new policy expressly puts partisan political considerations off limits in the trade mission process. The final plan reflects a trade mission process governed by objective criteria, and conducted according to the high standards the American people expect and deserve," said Secretary Daley.

The new policy includes an express prohibition against consideration of referrals from political parties or references to political contributions or political activities. The policy specifies that any such correspondence will be returned to the sender and "will make clear that political affiliation, activities or contributions are simply not relevant to the selection process."

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Secretary Daley ordered a thirty-day Departmental review of the trade mission process on February 3 in accordance with a pledge made to the Senate Commerce Committee during his hearing. During this process, all Departmental missions were deferred. The Department also sought input from Congress and representatives of the business community in developing the new policy.

In releasing the report, Secretary Daley noted the important role trade missions play in the Department's efforts to work with American business to promote exports. "Economic prosperity depends upon our ability to compete effectively in the global marketplace. Exports support 11.5 million jobs and fueled one-third of our total economic growth since 1993, creating 1.4 million high-wage, productive jobs. Export promotion, public-private partnerships and the Commerce Department's overseas trade mission program are the essential cornerstones of the Clinton Administration's National Export Strategy. These missions are structured to open markets, identify and secure export and investment opportunities for American businesses, and showcase American products, technology and expertise around the world in order to increase job opportunities for all Americans."

The Commerce Secretary emphasized that trade missions were an essential practice in countering the promotion practices of foreign competitors. "We cannot -- and we will not -- unilaterally withdraw in a world in which our economic competitors are using all the tools at their disposal to pursue market opportunities aggressively for their companies. We will continue to work with American business in a public-private partnership where the resources of the Commerce Department and the rest of the federal government, help our companies compete for -- and win -- the business opportunities that represent the largest potential source of high-paying jobs in the next century," said Secretary Daley.

ELEMENTS OF THE TRADE MISSION PROPOSAL

I. Scope of Policy

This policy applies to departmental trade missions. Trade missions are defined as missions involving travel to foreign countries by private sector participants and Commerce Department employees in which the Commerce Department recruits and selects participants from the business community.

II. Trade Mission Authorization Process

Every proposed mission will be scrutinized to ensure that it is consistent with our overall export promotion strategy and that it is likely to further those goals. Under this new policy, preparation of a public mission statement will be standard practice for all missions. There will be a rationale articulated at the outset regarding the objectives of the mission, why certain countries or regions were chosen and why certain kinds of businesses and/or sectors will be included. This rationale will be precise, rigorous and consistent in both timing and content. All mission statements must be approved by senior management, and will be made accessible to the public.

III. Recruitment and Selection of Private-Sector Participants

The process for recruiting and selecting private-sector participants in trade missions will be clear, objective and transparent. Companies and individuals will be recruited and selected for participation in Commerce-led trade missions on the basis of objective, written criteria and in accordance with the mission statement.

Participation criteria will be developed and announced in advance of each mission. The criteria will be keyed to the overarching need for a demonstrably legitimate business purpose in the company's or individual's participation, as evidenced by the clear relationship between the company's products, markets and business plan, and the objectives of the mission as set forth in the mission statement. The policy includes an express prohibition on the consideration of referrals from political parties or references to political contributions or political activities.

Additional express guidelines have been included regarding the solicitation and processing of applicants. For all missions, there will be in place a transparent screening procedure that includes more extensive self-certification requirements as well as more transparent processing and record-keeping.

IV. Mission Costs

This policy will adhere to government-wide regulations that generally require any costs incurred directly by the Department on behalf of trade mission participants must be recovered in full from the participants. There is a strong presumption in favor of using commercial aircraft for all trade missions. This presumption will be overcome only if (1) security concerns necessitate the use of charter or government aircraft; or (2) the use of commercial aircraft would result in substantial inconvenience to participants that would jeopardize the success of the mission. Fiscal plans and mission budgets will be available to the public.

V. Trade Mission Reports

A post-mission report will be required for all trade missions. This policy mandates that a post-mission statement be submitted within one month of the conclusion of the mission. The report will be made public and easily accessible.

VI. Public Availability of Trade Mission Documents

There are currently no institutional guidelines or requirements for the availability of documents outside of the FOIA process. This policy will require that all elements of the trade mission process be transparent and that documents related to the mission be publicly available.

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In addition to not counting some of our tax cuts, the calculation is also misleading because it assumes that the budget's $34 billion in savings from reducing unwarranted corporate subsidies should be counted as a tax increase on middle-class families --but clearly they are not.

As for the $42 billion in revenue from extending expiring tax provisions, House Majority Leader Richard Armey stated that the extension of the airline ticket tax is not a tax increase at all. The *National Journal*, in its commentary on reinstating the airline ticket tax, noted that *"House Majority Leader Armey today said he does not consider the bill a tax increase because it reinstates a long-standing airline ticket tax that expired at the end of 1996. 'I consider [a vote for the tax] a maintenance of effort,' Armey said."* [*National Journal*, February 25, 1997, page 3.] Over the next 5 years, the extension of the airline ticket tax produces $32 billion --more than enough to ensure that the President's budget includes a net tax cut, even in the unlikely event that our conservative economic forecasts prove to be wrong.

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4-17-97

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

OFFICE OF THE SECRETARY

FOR IMMEDIATE RELEASE
Thursday, April 17, 1997

CONTACT: Maria Cardona
202-482-4883

STATEMENT BY SECRETARY OF COMMERCE WILLIAM M. DALEY
STRONG U.S. ECONOMY PULLS IN IMPORTS, EXPORTS HIT NEW RECORD

Washington, D.C. -- The abundant signs of a strong and competitive U.S. economy have appeared again today in the report of new record levels for both U.S. exports and imports in the month of February. Exports rose to a new record level of $73.5 billion. This gain was led by high-technology products, adding to our surplus of trade in this area. Total exports have reached $844 billion over the past twelve months, an increase of 37 percent since 1992.

Imports have also increased, reflecting the very strong growth we have experienced in the U.S. over the past two quarters. Imports also rose to record levels in February -- reflecting strong growth in the U.S. and a sizable one-month increase in petroleum products -- but the trade deficit nonetheless fell by over a billion dollars, to $11.6 billion, led by our sizable export gains.

Our exports to Mexico of $58.5 billion over the last 12 months are a new record and shows a sizable recovery from the 1995 peso crisis. Our exports are running a full 41 percent above the level of the year before NAFTA, despite the slowdown in that country, and are growing faster than our imports in recent months. Now that Mexican economic growth prospects are improving, we are hopeful to further improvement.

Our exports to Latin America, excluding Mexico, are up 14 percent so far this year. This makes Latin America one of the fastest growing markets for the United States. As these numbers show, this market holds great export potential for American industry. Next month, I will be going to Brazil, Chile, and Argentina with a number of American business men and women to seek out potential opportunities in these dynamic markets.

The deficit with Japan remained at its previous level in January. We are hopeful that Japan will work diligently to create the conditions that will allow for balanced and steady growth, which will be to the benefit of both trading partners.

Our deficit with China fell in February, but our exports fell as well. China remains the only major market in the world where U.S. exports are not growing, and this despite significant economic growth in China. This export picture remains an object of concern to me and to the administration.

Our trade position in Europe moved into surplus for the first time since March of 1994. We are hopeful that Europe will grow more rapidly in the months ahead and become a larger market for U.S. exports.

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Strong, sustained U.S. growth over the last four years -- in contrast to more sluggish growth among many of our trading partners -- has contributed to our trade deficits. But the underlying U.S. economic picture remains excellent.

- We have added 11.9 million jobs, most of which are jobs that pay good wages.
- Unemployment has declined to 5.2 percent, virtually as low as it has been in a generation.
- Economic growth hit 3.8 percent in the fourth quarter of 1996, and appears to be running at a comparable pace so far this year.
- Consumer prices, excluding volatile food and energy, have risen just 2.5 percent in the last year.
- The federal deficit dropped 63 percent from $290 billion in 1992 to $107 billion last year.
- Manufacturing capacity has been expanding by 4.1 percent per year, the most rapid rate since 1970.

All of these factors, taken together, speak to an expansion that is strong, balanced, sustainable, and whose benefits are more and more widespread.

4.18.97

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500

MEMBER

April 17, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL Jeff Frankel

SUBJECT: Department of Commerce Announces Same-Day Revision in February Trade Data Due to Error in Oil Imports

The Department of Commerce has found an error in the February U.S. trade deficit figure that had been released earlier today. The revised figure is $10.4 billion (goods and services, seasonally adjusted), as opposed to the $11.6 billion originally reported.

The error was unprecedented in size. It resulted from miscommunication between the Commerce Department, which compiles the trade statistics, and the Customs Bureau, which gathers the raw data. Due to suspicions that some crude oil shipments coming into the country were not being reported, the Customs Bureau had asked its field agents to check for any omissions. In response, agents at several ports of entry submitted old import declarations, some going back as far as November 1995, without segregating them from the February 1997 reports. Data keypunchers at Commerce entered all the numbers as if they pertained to February, and thus overstated oil imports by $1.1 billion (before seasonal adjustment).

This crude error affected no categories other than oil imports. Bilateral deficits were unaffected, except in the case of trade with oil exporting countries. The overall trade balance now turns out to have been slightly better than markets had originally expected.

For: April Melody

TALKING POINTS ON CENSUS ERROR IN FEBRUARY TRADE ESTIMATES

- On Thursday morning, Census released its estimate of the trade deficit for February -- $11.6 billion, an improvement of $1.1 billion from the January level. Due to an unprecedented and sizable error in the data processing leading to this release, the trade deficit was **overestimated by $1.2 billion -- the February figure should be *$10.4 billion*, not the 11.6 billion reported.**

- The difference is entirely due to a miscommunication between the Census Bureau and the Customs Bureau regarding crude oil imports. No other import categories are affected.

- The important issue is that the error was detected early in the day, and the corrected revisions were made. And the news on the trade deficit is better than we had anticipated.

- Census has a program to automate the import/export reporting system that is designed ot eliminate this sort of paper and pencil error. Funding for the statistical agencies has failed to keep pace with an economy that has grown in size and complexity.

How It Happened (for your background)

- All of our data on imports and exports come from the Customs Bureau, which collects import and export declarations for every shipment arriving at a U.S. port or airport and forwards them to us monthly. We receive these documents at our data processing center in Jeffersonville, Indiana, where we enter them into a computer file and tabulate our trade balance.

- Customs has suspected that there were crude oil imports arriving into the country that were not reflected in their reporting to us -- the numbers we'd been getting for crude oil imports didn't "fit" with other data, such as industry reports.

  Last month, Customs instructed all of its ports to make sure that all import declarations for crude oil shipments had been filed with Census. In response, local Customs officials went back to find unreported crude oil shipments and send the documentation to Census. These backdated import declarations -- some going back as far as November, 1995 -- were forwarded to Census' data processing center for processing ***mixed in with the current month's oil import declarations***. We were unaware of the fact that old declarations were mixed in with the current month's reporting, and processed all of them as if they were February's reports.

- Census discovered the error at around 10 A.M. this morning. Census statisticians were concerned about the size of the oil import number when preparing the release on Wednesday, but had no basis for questioning it. But this morning, when preparing a supplemental detail trade report that is always released the day after the initial trade release, the error in Customs reporting became obvious.

Census immediately called up all of these records, reran their file, and can say with precision that the error was entirely in crude oil and of the magnitude given above.

What Are We Going to Do About it?

- We are talking to Customs about this miscommunication and our concern that we are not receiving shippers' declarations on time.

- It should be noted that this error occurred in processing data that Census does not collect and over which we have no control. **Moreover, the strength of the system is reflected in the fact that this kind of error can be identified quickly and resolved expeditiously**. An error in our data of this magnitude is virtually unprecedented.

Secy. Daley has

- As part of Commerce Management Change Day on Monday, ~~you, as Secretary, have~~ directed the Bureau to institute a complete review of quality control procedures to ensure that they are up-to-date, regardless of whether today's situation is unique or unprecedented.