FOIA Number: 2017-0401-F

FOIA MARKER

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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Policy Development

Series/Staff Member: Eric Biel

Subseries:

OA/ID Number: 10601

FolderID:

Folder Title:
Other Trade Matters: TPCC [Trade Promotion Coordinating Committee] Report [Fast Track]

Stack:	Row:	Section:	Shelf:	Position:
S	100	1	5	3

Bob Kyle

Eric, Bob

Say to make the changes.

R

7064

THE WHITE HOUSE

WASHINGTON

October 17, 1997

ACTION

OK, would prefer change in A1 10/21/97

MEMORANDUM FOR SANDY BERGER
DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

THROUGH: ROBERT KYLE RK

FROM: ERIC BIEL EB

SUBJECT: Report of the Trade Promotion Coordinating Committee; President's Letter

The interagency Trade Promotion Coordinating Committee (TPCC), chaired by the Secretary of Commerce, is finalizing its 1997 Report in preparation for its submission to the Congress. The Report is constructive and non-controversial; it is primarily a review of Administration efforts to strengthen our export promotion and financing programs, promote increased U.S. exports to middle and lower-income countries, and address certain important barriers to those exports. The Commerce Department has requested a cover letter from the President that would be included in the Report, as in the past. We are asking you to approve the attached letter and the issuance of the Report.

This year's Report builds on previous analyses comparing U.S. export promotion and financing programs with those of our chief economic competitors and identifying the main competitive challenges in key foreign markets. Among the Administration's initiatives it describes are steps for enhancing the coordination among different U.S. Government agencies; strengthening advocacy efforts in support of U.S. companies bidding on foreign contracts; developing a more strategic approach for trade missions; making more efficient use of the resources available for trade finance; and addressing specific priority issues such as foreign bribery and technical/regulatory barriers to trade.

The TPCC plans to release the Report late next week; Secretary Daley is scheduled to testify at a Senate Banking Committee hearing tentatively set for next Friday, October 24, and the following week before the House International Relations Committee. We do not envision any event related to the Report at which the President would participate. We also do not envision significant use of the Report in connection with the fast track effort -- although we do expect that Secretary Daley will be

asked about fast track at the two hearings, and the President's letter does reference the TPCC's initiatives and fast track renewal as two important components of the Administration's export strategy.

The Export Enhancement Act of 1992 provided for establishment of the Trade Promotion Coordinating Committee. In 1993, President Clinton issued an executive order that created the TPCC and mandated that it issue an annual report on the Administration's National Export Strategy. This is the fifth such report.

The President's letter describes how the National Export Strategy relates to other export promotion and job creation initiatives, including the requested renewal of fast track authority. As in the past, this is not a formal letter of transmittal; it simply will be included at the front of the TPCC Report.

Concurrences: Malcolm Lee, Will Davis
ML WD

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments
Tab I Memorandum to the President
Tab A - President's Letter
Tab B - 1997 Strategic Agenda (chapter of the Report)

THE WHITE HOUSE

WASHINGTON

7064

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

SUBJECT: Draft Cover Letter for Annual Report of the Trade Promotion Coordinating Committee

Purpose

To review and approve a draft letter for inclusion in the 1997 National Export Strategy, the annual report of the Trade Promotion Coordinating Committee.

Background

The Export Enhancement Act of 1992 required the President to establish a Trade Promotion Coordinating Committee (TPCC) to coordinate the Federal Government's export promotion and export financing activities, and to issue an annual report to the Congress. By executive order, you established the TPCC, designated the Secretary of Commerce as its chair, and charged it with submitting the annual report. The first report was submitted in Fall 1993; this is the fifth annual report.

This year's Report builds on previous analyses comparing U.S. export promotion and financing programs with those of our chief economic competitors and identifying the main competitive challenges in key foreign markets. Among the Administration's initiatives it describes are steps for enhancing the coordination among different U.S. Government agencies; strengthening advocacy efforts in support of U.S. companies bidding on foreign contracts; developing a more strategic approach for trade missions; making more efficient use of the resources available for trade finance; and addressing specific priority issues such as foreign bribery and technical/regulatory barriers to trade.

Your letter focuses on the importance of the National Export Strategy and its relationship to other export-related initiatives, including renewal of fast track authority. Secretary Daley will testify before the Senate Banking and House International Relations Committees in the next two weeks. We do not believe that you need to be involved in the Report's release.

RECOMMENDATION

That you review and approve the draft letter at Tab A.

Approve _____

Disapprove _____

Attachments
Tab A Draft Letter
Tab B 1997 Strategic Agenda (Chapter of the Report)

DRAFT LETTER FROM THE PRESIDENT

[illegible] Stet.

As we issue the fifth annual report of the Trade Promotion Coordinating Committee ~~describing~~ our National Export Strategy, the U.S. economy is ~~thriving~~. Our three-part economic strategy -- cutting the deficit, investing in education and training, and opening foreign markets to our goods and services -- is producing clear results. Since ~~I took office~~ 1993, our economy has generated nearly 13 million new jobs, unemployment has fallen below 5 percent, wages and family incomes are up, and the deficit has been reduced more than 80 percent. We are in the midst of the longest period of sustained growth of any major economy in the world. And fully one-third of that economic growth is dependent on overseas trade.

Our aggressive export strategy is paying off for American companies and workers. For the past five years, the United States has been rated the world's most competitive economy. Today, we are once again the world's leading exporter, the leading producer of automobiles, the leading producer of semiconductors. Exports of manufactured goods, high technology products, and agricultural goods are up more than 40 percent. Exports support over 11 million U.S. jobs -- including one in five manufacturing jobs -- and have been responsible for nearly two million new jobs in the past four years alone. These jobs pay on average 15 percent more than jobs not related to exports.

Yet there is much more to do. While the United States accounts for 22 percent of the world's wealth, we have only four percent of the world's consumers. The greatest export opportunities today exist in the emerging market economies of Latin America, Asia, the Middle East, Africa, Central and Southern Europe, and the Newly Independent States of the former Soviet Union. Middle and lower-income countries (those outside the OECD) have accounted for 80 percent of our rapid export growth over the past eight years -- despite trade barriers that often remain high. To continue to grow and prosper, we must look increasingly to business opportunities beyond our borders. To maintain our standard of living, we must continue to work for greater access to foreign markets -- not retreat to the sidelines and leave the playing field to others. America's future economic prosperity and security demand nothing less.

One critical element of our export strategy is to negotiate new trade agreements that address the remaining barriers to our world-class products and services. That is why I have asked the Congress to give me renewed fast track trade negotiating authority this year. Fast track will give us the ability to

continue to strengthen our economy and to create more jobs. That is critical is we are to continue the strong economic performance we worked so hard to foster over the past several years.

In addition, we must act strategically to target our export promotion and export finance programs in order to maximize their effectiveness. That is why in 1993 my Administration, in line with the clear direction set out by the Congress in the Export Enhancement Act of 1992, established the Trade Promotion Coordinating Committee to develop a new National Export Strategy. This Report, the fifth submitted by my Administration, describes how we are succeeding in the global marketplace today in large measure because we now have a conscious, coordinated plan -- through which the Federal Government targets its resources and expertise to help our firms and workers increase their exports to all corners of the globe.

From supporting high-level trade negotiations to providing a network of assistance for small and medium-sized companies, the Trade Promotion Coordinating Committee is providing the services our firms and workers need to succeed in the global economy and help secure a stronger economic future. For five years, under the leadership of Ron Brown, Mickey Kantor, and now Bill Daley, the Trade Promotion Coordinating Committee has provided the leadership and strong interagency coordination needed to address both the opportunities and challenges that our exporters face. This year's Report describes the achievements of the past year and the strategic agenda and priorities for the coming year -- in both cases focusing on the efforts of many different Government agencies working together in support of a common objective.

Good jobs, sustained economic growth, and stronger communities all depend on our ability to compete successfully in the global marketplace. The National Export Strategy is a key part of that effort, and I applaud the Trade Promotion Coordinating Committee for the accomplishments noted in this Report and the strategic plan it has developed to build on those accomplishments.

William J. Clinton

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*** TX REPORT ***
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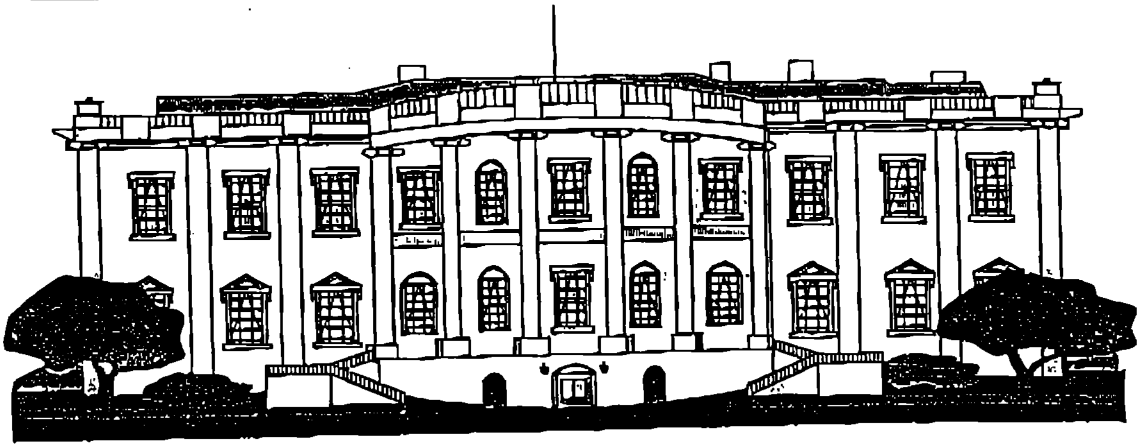

The White House

National Economic Council

To: TPCC

Phone: 482-5455 Fax: 482-4137

From: Eric Biel

Phone: (202) 456-~~6630~~ 5370 Fax: (202) 456-2223

Pages including cover sheet: 7

The White House

National Economic Council

To: TPCC

Phone: 482-5455 Fax: 482-4137

From: Eric Biel

Phone: (202) 456-~~6630~~ 5370 Fax: (202) 456-2223

Pages including cover sheet: 7

Comments: Sandy Berger's modest edits - as phoned in earlier.

EB

Eric R. Biel
10/17/97 02:07:10 PM

Record Type: Record

To: Russell W. Horwitz/OPD/EOP, Kristen E. Panerali/OPD/EOP, Raymond E. Donnelly III/WHO/EOP

cc:

Subject: TPCC materials hand delivered to you

Please let me know (65370) if any questions on the TPCC materials I brought over a few minutes ago. Unfortunately, this is on a very condensed schedule (not that that's any different from anything else around here), since Daley's office was just informed today about plans for a hearing next Friday, 10/24. TPCC staff therefore are hoping for a final, signed letter from the President sometime Monday. Also, a couple of things that I probably should have worded differently: we're obviously not asking the President to actually sign this draft letter, just review and approve it. The package going over the NSC/Sandy Berger shortly will reflect that change. And all we need from Gene, Dan, and John is their approval of having the materials (memo plus letter) forwarded to the President. Hope that makes sense, and thanks for your help.

Eric R. Biel
10/19/97 01:14:06 PM

Record Type: Record

To: Mary_juarez @ ita.doc.gov @ inet
cc:
Subject: TPCC cover letter

Attached. tpccmem3.do

Eric R. Biel
10/19/97 01:18:39 PM

Record Type: Record

To: Mary_Juarez @ ITA.DOC.GOV @ INET @ LNGTWY
cc:
Subject: Re: Send Letter

Here it is--I already sent a message that appeared to go through, so hopefully you'll get attachment one way or the other. EB tpccmem3.do

THE WHITE HOUSE

WASHINGTON

October 17, 1997

ACTION

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DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

THROUGH: ROBERT KYLE RK

FROM: ERIC BIEL RB

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ML WD

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THE WHITE HOUSE

WASHINGTON

7064

ACTION

MEMORANDUM FOR THE PRESIDENT

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DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

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Approve _____

Disapprove ______

Attachments

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William J. Clinton

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*** TX REPORT ***
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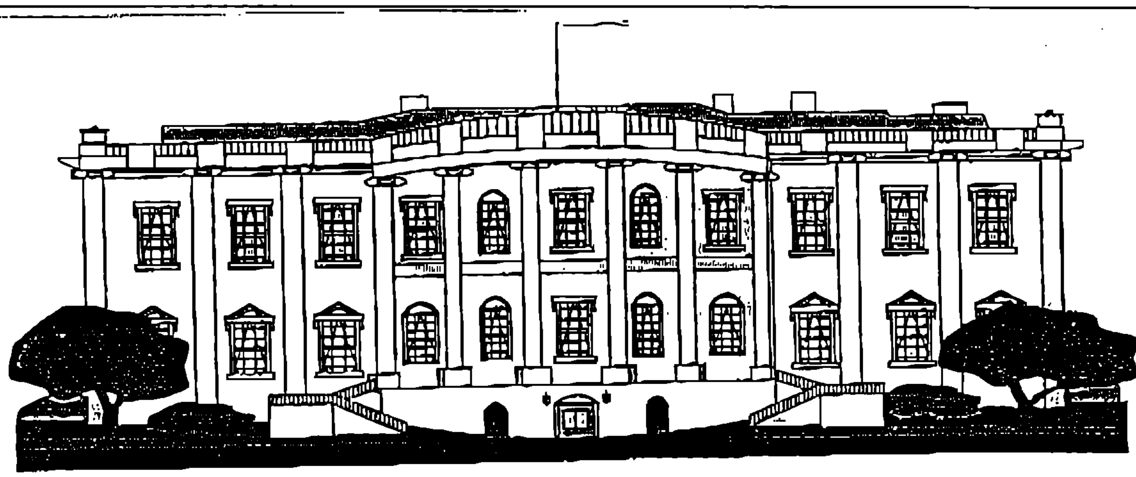


The White House

National Economic Council

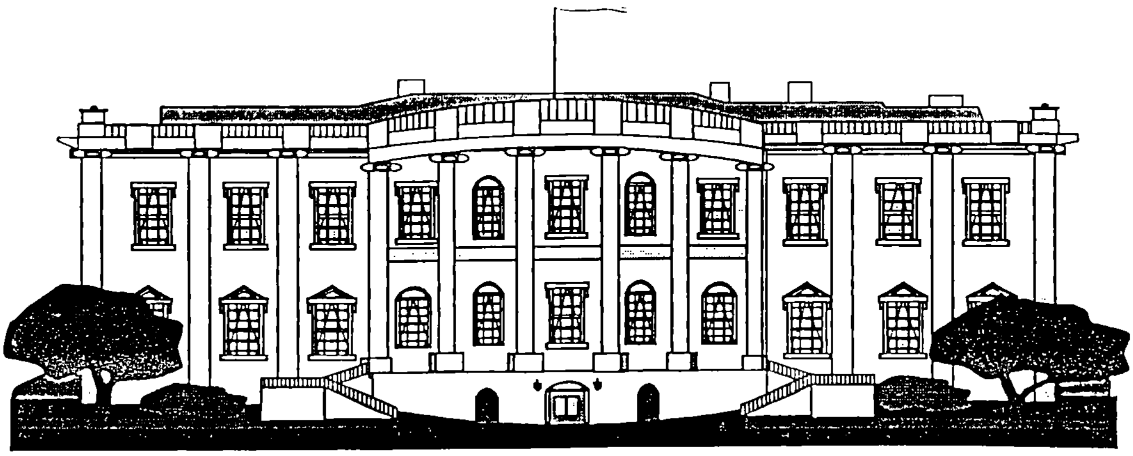
To: TPCC/Mary

Phone: 482-5455 Fax: 482-4137

From: Eric Biel

Phone: (202) 456-~~6630~~ 5370 Fax: (202) 456-2223

Pages including cover sheet: 7



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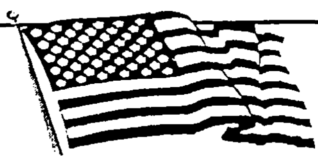
Pages including cover sheet: 7

Comments: TPCC Materials



1997 STRATEGIC AGENDA

1997 STRATEGIC AGENDA

TPCC At a Crossroads

In its fifth year of operation, the TPCC is now at an important juncture. It has fulfilled much of the course it set in its first years: Most of its 65 flagship proposals to eliminate bureaucratic duplication have been implemented; initiatives on tied aid, export controls, the Big Emerging Markets, advocacy, and Export Assistance Centers have been fully launched and continue to provide benefits for U.S. exporters. We have spent two of the last five years taking a close look at how our competitors promote and compete for exports, identifying the challenges our companies face abroad and where our programs come up short. Last year, we laid out strategies on key commercial policy issues to address these competitive challenges.

It has become increasingly clear over the years that the rivalry for the markets of the future is intense and growing, and that we must take the TPCC to the next level of interagency coordination and strategic planning if we are to both provide the necessary support our companies need to succeed in the global economy of the next millennium, and fulfill our Congressional mandate. This means using our combined experiences and capacities to enter markets earlier, with greater strength and intensity.

As the first National Export Strategy of the second term of the Clinton Administration, this report establishes the framework for this effort and defines the next era of our work through the TPCC. It seeks a long-term, strategic focus on priorities and resources and establishes the analytic basis for a more substantive review of our trade promotion and finance programs. Rather than a catalogue of our existing programs, it seeks to answer the hard questions about whether current programs fit into a broader strategic framework. Having laid a strong operational foundation over the past five years, this year the TPCC will begin to come to grips with the more difficult structural issues in an effort to become ***a strategic tool for U.S. policymakers that identifies our commercial policy priorities and provides the framework within which resources can be directed to support these priorities.***

Organizing Along Regional Lines

As a first step to becoming a more powerful, viable coordinative mechanism that is both focused on the long-term and responsive to the most important challenges our exporters face in priority markets, this year we took a hard look at how the TPCC itself is organized. Our goals were to make better use of our resources, encourage a more integrated approach to our most significant commercial policy problems, provide a vehicle for long-term thinking on potential solutions and to increase the likelihood of success in solving the problems we identify. While we will continue to take a functional approach to cross-cutting issues like bribery, standards, small business and offsets, we have established regional working groups in six "emerging regions" to complement and augment these efforts. These regions are Asia (chaired by Ex-Im Bank), Latin America (chaired by the Department of Commerce), Central and Southern Europe (chaired by the Department of State), the Middle East and Northern Africa (chaired by the Department of State), Africa (co-chaired by OPIC and the Department of Commerce) and the NIS (chaired by the Department of Commerce).

These interagency groups capture the expertise of all TPCC agencies, and will help increase the awareness of the importance of our commercial policy agenda throughout the TPCC. In particular, we want to strengthen coordination among the trade finance agencies, as well as between the trade finance agencies and our advocacy efforts. Our goal is to use these groups to take our advocacy work one step further, enabling a long-term, proactive cohesive effort which, like our competitors, brings to bear all relevant resources of our government to provide a comprehensive package of services that is highly effective in major project competitions.

This structure builds upon our ***Big Emerging Markets*** initiative, allowing us to strengthen the resources each TPCC agency can focus on these key markets. We believe that this new approach is timely; although overall U.S. market share of imports into the BEMs has grown from 17.8 percent in 1990 to 18.5 percent in 1996, our progress has varied across markets. Shares of U.S. imports into the Latin American BEMs have increased, while our position vis a vis our competitors in the Chinese Economic Area, India, South Korea, South Africa and Turkey has eroded.

Each BEM will continue to be a target for TPCC programs; however, the broader context provided by a regional focus will enable each agency to more easily operationalize its focus on BEMs. It will also provide the perspective necessary to develop regionally-specific solutions to cross-cutting issues like bribery and standards, and allow for greater coordination on advocacy, even for critical transborder projects. A regional focus also enables us to better target our resources on those ***priority sectors*** within each region where U.S. products and services are most needed to counter foreign government practices.

This year's Report includes the initial analysis of these six working groups. As with any new undertaking, time and effort are necessary before the full potential is clear. We intend these groups to be ongoing; indeed, our objective is that they function day-to-day as the engine driving our commercial policy agenda.

Our Strategic Plan

Both the functional and regional working groups have made a number of specific recommendations that will provide the parameters for their work in the coming months. However, there are a number of overarching themes that have emerged from the work of these groups that defines the next TPCC agenda:

A Seamless Web of U.S. Government Services

Other governments provide more support for their exporters at the beginning and at the end of the transactional spectrum. They recognize the importance of getting in on the ground floor at the earliest stages of project design with extensive technical assistance targeted at specific sectors, and then following through with advocacy and financing to complete the deal. Agencies work hand-in-glove from beginning to end of the bidding process to ensure their government's companies have the greatest possible advantage in contract competitions.

1. Enhanced Technical Assistance Efforts

There is a broad and widely-accepted perception supported by some anecdotal evidence, that technical assistance programs funded by competitor nations can provide advantages to their domestic firms competing for large infrastructure contracts in emerging market economies. In this regard, the TPCC needs to compile and analyze the technical assistance programs of the USG as compared with those offered by our foreign government counterparts to what extent, where and in which sectors early, more effective technical assistance is needed to counter foreign government activities.

Technical assistance includes a wide range of activities like training, partnership building, feasibilty studies and the provision of technical advisors. Specific technical assistance might help to promote U.S. export and investment opportunities in key markets, while general technical assistance -- focused on broader policy goals -- seeks to ensure sustainable economic development and free-market infrastructures. Strong legal and regulatory frameworks are the backbone for greater trade and investment.

- Through our regional working groups, the TPCC will:
  - explore ways in which to use technical assistance to facilitate implementation of existing trade agreements by the emerging economies;
  - undertake analysis to identify sectors and markets where foreign government technical assistance programs are displacing U.S. exports and recommend actions to address those sectors and markets whose foreign governments' use of technical assistance is a key factor in determining market share distribution; and
  - support the continuation of existing programs to reinforce the legal and regulatory environment in emerging democracies.

2. Increased Focus on Standards-Related Issues

While we have long recognized the importance of standards in defining future market share for our products, it is evident, particularly in the emerging economies, that the U.S. must develop a more proactive, strategic standards policy to ensure that U.S. companies are not unfairly precluded from competing for contracts in our most promising markets. The fact that standards-related issues were raised as a priority issue in each of the regional working groups demonstrates that this issue is one of the most important obstacles to U.S. exports.

- We will continue to develop the strategy framework begun last year, focusing on implementation of the World Trade Organization (WTO) and the recent Mutual Recognition Agreement (MRA) with the EU; increasing our coordination with the private sector and within the U.S. government to bring to bear more influence in international standards fora; and strengthening our technical infrastructure and technical assistance programs.

- While we have succeeded in negotiating MRAs with the EU which liberalizes more than $30 billion of U.S. exports and $57 billion in two-way trade, our existing resources are not allocated in a way that will enable us to maintain our momentum in these labor-intensive negotiations and follow-through with additional agreements. Although there are a number of options for further work in this area, it will be difficult for either the regulatory or trade agencies to meet the call from the private sector for negotiation of more bilateral sectoral accords. We will poll regulatory agencies as to their available resources, assess these constraints, and develop a strategy -- within existing resources -- to address them.

- We will initiate a government-wide Trade Policy Review Group (TPRG) review of new countries to cover in MRAs.

- We will establish an APEC Framework Agreement for mutual recognition of testing and evaluation reports for key traded industry sectors, like information technology and telecommunications, and explore the possibility of initiating bilateral MRAs with key APEC countries.

3. Strategic, Regionally-Focused Advocacy Efforts

Our advocacy process has been successful in garnering key projects for U.S. companies. However, it is clear we must do more as we compete against governments that take the long view. Frequently U.S. companies win projects with our help, but the outcome is the result of a U.S. company request in the final stages of a contract tender. Our competitors, on the other hand, proactively ascertain project priorities as much as a year in advance and involve a full array of government agencies at the outset of a competition. We can and must match this effort.

- Through the TPCC regional working groups, we will integrate a long-term perspective into our ongoing advocacy efforts, provide advocacy support at an earlier stage of project development, both through technical assistance and at our overseas posts, and seek to offer a more comprehensive and intensive package of U.S. government services in priority contract competitions.

- From our posts abroad, we will provide generic advocacy in support of all U.S. bidders in the early phase of project development.

- We will seek to strengthen our technical assistance efforts to lay the groundwork for future contracts for U.S. companies. This can include overall assistance on project design and feasibility, placement of advisors within various ministries to assist in the development of infrastructure projects and regulatory frameworks, and improved coordination between government and industry.

- We will examine the role of advocacy in private sector projects, particularly in economies, like Latin America, where an increasing number of procurements will be conducted by privatized companies in major sectors like aerospace, telecommunications and energy -- where there is a fine line between public and private sector participation.

- Through our regional working groups, we will better integrate and coordinate advocacy and technical assistance efforts of the TPCC agencies, making the best possible use of all USG resources in our support of priority projects. Our work will be targetted to opportunities in those sectors where U.S. companies have the strongest comparative advantage.

4. A More Integrated Approach for Trade Missions

Trade missions play a key role in our export promotion strategy. Not only do such missions lead to direct export sales for U.S. companies through business-to-business contacts and project advocacy, but they provide an opportunity to raise and address key concerns affecting U.S. companies' ability to do business in the market.

We need to align our business outreach and trade promotion agenda with sectoral priorities and concentrate limited government resources on those sectors and markets where the need is greatest to counter foreign government activities.

- The TPCC will work to further consolidate and coordinate trade missions throughout other Federal Government agencies.

- We will improve interagency involvement at the outset of Secretarial-led missions, to allow for better linkages across agencies and a more compelling message on behalf of U.S. companies in each market.

- The Department of Commerce will review its general practice of not including trade association officials on trade missions, to allow for greater support for USG officials on technical and sectoral issues.

5. A Unified Front on Trade Finance

The Export-Import Bank is currently experiencing a shortfall in its program budget. Demand for U.S. exports is up and demand for Ex-Im Bank's programs is increasing. The Bank did not anticipate this demand when it made its budget estimates. In FY 1997, the Bank deferred approximately $300 million in transactions to FY 1998. Moving deferred cases from FY 1997 to FY 1998 means that the Bank will begin FY 1998 with as little as 50 percent left in program resources to deal with an exporter demand that is likely to continue at FY 1997 levels or higher.

- The TPCC will support Ex-Im Bank in its work with the Office of Management and Budget, the Congress and the exporting community to develop options to address increased exporter demand. We are mindful of the need to keep U.S. exporters competitive and to offer financing only when private sector financing is not available.

6. A Strategic Plan for Small Business

Small business will continue to be a TPCC priority. In the coming months, the TPCC will take a hard look at existing USG programs on small business -- many of which are described in this year's report -- and make recommendations on future directions.

- Included in this effort will be an interagency review of the USEAC network to evaluate their effectiveness and recommend how we can improve them. The USEAC network is now up and running; four of our pilot sites have been operating for almost four years. At this juncture, we should evaluate how well our network of one-stop shops is working to meet the needs of the local business community to increase their productivity through export sales. In particular, we will evaluate the reach and depth of our trade promotion and finance programs as well as our partnerships with state and local multiplier organizations.

- Our Trade Information Center (TIC) will further expand and integrate its business counseling services and work with the TPCC regional working groups to ensure comprehensive development and delivery of customer-focused country commercial information.

7. Enhanced Antibribery Efforts

- We will complete the OECD negotiations on criminalization by December 1997, and continue to push for follow-through implementating legislation, both on criminalization and tax deductibility.

- We will establish at the Department of Commerce an information system for reporting possible instances of bribery of foreign officials by non-U.S. companies. The system will be a centralized, easily accessible location for reporting information on a confidential basis. The information collected will assist the U.S. government in assessing the nature and extent of foreign bribery and in forumulating effective anti-bribery initiatives. It could also be used as a database on foreign implementation of a future OECD convention which could help support USG follow-up and monitoring efforts.

8. Deepening our Big Emerging Markets Initiative

Although we have been working to inform U.S. industry of the tremendous opportunities and import growth we expect from the BEM nations, our latest information indicates that of the ten top destinations for U.S. exports, only two are classified as BEMs. We need to do more to encourage U.S. industry to get in on the ground floor of opportunities in these critical markets.

- Where budget and FTE resources allow, the TPCC agencies will target more of our resources toward the Big Emerging Markets.

- With the goal of establishing Commercial Centers in each Big Emerging Market, we will continue to strengthen our existing Commercial Centers in Sao Paulo, Brazil, Shanghai, China and Jakarta, Indonesia and assess the feasibility of opening a new Center in Johannesburg, South Africa. These Centers provide visiting American companies with a ready-made base for conducting business, co-locating the Commercial Service with a strategic mix of partners -- including the Foreign Agricultural Service, the States of California, Washington, Michigan, Maryland, the Council of Great Lakes Governors, and other private sector entities.

9. Toward a U.S. Policy on Offsets

Offsets, or compensation packages often required by governments as part of contract negotiations for large purchases, such as aircraft, are increasingly common in both military and civilian sales.

Industry and the private sector have competing views on the scope and significance of the problem. Some domestic suppliers can lose sales to overseas suppliers who provide components or parts to U.S. prime manufacturers in connection with offset agreements while labor representatives are sensitive to the impact of placing production and investment outside the U.S. as part of an offset agreement, and are concerned that they are not part of the decision-making process when prime manufacturers decide whether to grant offsets in particular sales. Prime manufacturers often view offsets as the price of doing business in the international marketplace -- a fact of life that can be both a nuisance and an opportunity.

While the government has an interest in reducing government-mandated offsets required in military or civilian sales which are market-distorting and economically inefficient, the paucity of data on the details of offset agreements impairs an accurate understanding of their net impact on U.S. employment and competitiveness. A U.S. policy must balance the competitive interests across the workers and industries affected by offsets, while not restricting the international alliances that are a necessary fact of life -- and a key to competitiveness in the global economy.

- The TPCC will seek additional information for further analysis and serve as a vehicle to develop consensus on this complex issue, which touches on an array of industry and private sector interests.

- We will continue to take action to reduce government-mandated offsets through multilateral agreements and bilateral discussions.

10. A Strategic Tool to Develop Budgetary Priorities

Beginning in September, 1997, the TPCC will review agency strategic plans, in order to develop and ~~recommend~~ criteria to ensure effective and well-coordinated trade ~~promotion~~ and finance programs and policies. The interagency comparison of plans should assist in identifying areas for improvements in efficiency and coordination, as well as consistency with the policy goals articulated in the National Export Strategy.

- Recommendations from this review will be communicated to OMB for consideration in developing the President's FY 1999 budget. An update of the Administration's proposals for trade promotion spending and policies will be presented in a supplement to this annual report in early 1998. Future TPCC annual reports will be issued in February, to better coincide with the budget process.

NATIONAL EXPORT STRATEGY

TRADE PROMOTION COORDINATING COMMITTEE

Fourth Annual Report To The United States Congress
October 1996

Michael Kantor
Secretary of Commerce
Chairman, Trade Promotion Coordinating Committee

J. Brian Atwood
Administrator, Agency for International Development

Carol M. Browner
Administrator, Environmental Protection Agency

Dan R. Glickman
Secretary of Agriculture

Bruce E. Babbitt
Secretary of Interior

Robert B. Reich
Secretary of Labor

Warren M. Christopher
Secretary of State

Robert E. Rubin
Secretary of the Treasury

William J. Perry
Secretary of Defense

Martin A. Kamarck
Chairman, Export-Import Bank of the United States

Joseph E. Stiglitz
The Chair of the Council of Economic Advisers

Hazel R. O'Leary
Secretary of Energy

Joseph D. Duffey
Director, United States Information Agency

Laura D'Andrea Tyson
Assistant to the President for Economic Policy
National Economic Council

J. Joseph Grandmaison
Director, United States Trade and Development Agency

Charlene Barshefsky
Acting United States Trade Representative

Franklin D. Raines
Director, Office of Management and Budget

Ruth R. Harkin
President, Overseas Private Investment Corporation

Philip Lader
Administrator, Small Business Administration

Federico F. Peña
Secretary of Transportation

Contents

Letter from President Clinton

One of my highest priorities as President has been to provide greater economic opportunities for all Americans. In pursuit of this goal, my Administration developed this country's first-ever National Export Strategy – to ensure that U.S. workers and businesses are able to profit from export opportunities in markets throughout the world. Today, I am proud to say, the United States has regained its position as the world's most competitive nation.

America's economic future will be closely tied to our ability to compete in the world economy. Almost one-third of our economic growth since 1993 is attributable to exports, supporting 1.5 million new jobs. Moreover, jobs supported by exports pay higher wages and benefits to U.S. workers. By tapping into fast-growing markets abroad, we can achieve greater prosperity at home.

At the start of my Administration, I asked then-Secretary of Commerce Ron Brown to chair the Trade Promotion Coordinating Committee (TPCC). He knew that in order to realize opportunities for U.S. companies and workers, we needed a sustained, coordinated effort both within our government and in partnership with the private sector. His leadership, energy, and uncanny ability to draw out the best in all who worked with him contributed to a 35 percent growth in exports during my Administration.

Secretary Brown restructured our export promotion programs and focused them where they would have the greatest impact on our nation's future standard of living. He established a nationwide network to help small businesses export more, and a government-wide system to promote American exporters. He led trade development missions to five continents, while building solid bonds with our business, state, and local partners. And he and his colleagues laid the groundwork for a broad-based competitiveness strategy that would both incorporate the best, and overcome the most problematic, practices of our trading partners.

In this post Cold War world, our national security rests more than ever on our economic strength. Our foreign and commercial policies must be integrated if we are to accomplish our objectives at home and abroad. Ron Brown and thirty-four other dedicated people lost their lives in Croatia on a mission dedicated to advancing the economic dimension of forging a lasting peace in that troubled part of the world.

As the United States Trade Representative, Mickey Kantor complemented Ron Brown's work by negotiating over 200 trade agreements – including the Uruguay Round and NAFTA – to provide the market access necessary to increase our exports. Now, as Ron Brown's successor, Secretary Kantor has extended the work that Ron began.

This fourth report on the status of the National Export Strategy covers both our policy goals and concrete efforts. Its focus is on my Administration's response to foreign competitive practices that threaten fair and competitive market access – from concessionary financing and export subsidies to bribery and other corruption. It reflects the efforts of agencies throughout the government. It lays out a clear strategy to help U.S. firms meet today's challenges in the world market and puts the resources of the U.S. government firmly behind our exporters.

In the year ahead, we must continue to build on our export successes. We must help small businesses fulfill their export potential since they will account for much of our future job growth. And we must do more to ensure that American firms are not unfairly disadvantaged as they compete overseas.

Bill Clinton

William J. Clinton

Letter from Secretary Kantor

Dear Mr. President and Mr. Speaker,

As chairman of the interagency Trade Promotion Coordinating Committee (TPCC), I am proud to present this fourth annual report on the status of our National Export Strategy. I have focused this year's report on the U.S. government response to foreign competitive practices in rapidly developing countries where the bulk of world export growth will occur – from concessionary financing and subsidies to outright bribery and corruption. We are intent on assuring that U.S. exporters are not put at a competitive disadvantage by such practices and have the full support of the United States government in the fiercely competitive global marketplace for developing nations' business.

Over the past three years, American workers and companies have made great strides to compete in the global economy – but as this report illustrates, a government-wide strategic focus on assisting U.S. companies abroad has never been more necessary to their success in the global marketplace.

When President Clinton asked the late Secretary Ron Brown to launch the TPCC in January of 1993, he was concerned about the problems and complaints both he and Congress had heard from the private sector. There were horror stories from exporters about the bureaucratic difficulties they faced getting basic export information and assistance, the obstacles they met in their own market that disadvantaged them *vis a vis* their European and Japanese competitors, the contracts U.S. companies and workers lost because of trade-distorting tied aid and other forms of economic and political pressure used by our trading partners, and the export sales our small businesses weren't making because they found it too difficult to secure the necessary financing.

At the time, the Federal government had no overall strategic plan to generate American jobs through exports, and in some cases, agencies were actually working at cross-purposes. Armed with a new mandate from Congress, the Export Enhancement Act of 1992, Ron Brown and the TPCC agencies changed that, and today our nation has in place a comprehensive, effective strategy that continues to evolve to meet the changing needs of U.S. business and workers.

October 17, 1997

ACTION

MEMORANDUM FOR SANDY BERGER — Posted Brfng folder + desk
DANIEL TARULLO
GENE SPERLING — hand-delivered 10/17 1:30 PM
JOHN HILLEY

THROUGH: ROBERT KYLE — copy also to Malcolm Lee

FROM: ERIC BIEL

SUBJECT: Report of the Trade Promotion Coordinating Committee; President's Letter

The interagency Trade Promotion Coordinating Committee (TPCC), chaired by the Secretary of Commerce, is finalizing its 1997 Report in preparation for its submission to the Congress. The Report is constructive and non-controversial; it is primarily a review of Administration efforts to strengthen our export promotion and financing programs, promote increased U.S. exports to middle and lower-income countries, and address certain important barriers to those exports. The Commerce Department has requested a cover letter from the President that would be included in the Report, as in the past. We are asking you to approve the attached letter and the issuance of the Report.

This year's Report builds on previous analyses comparing U.S. export promotion and financing programs with those of our chief economic competitors and identifying the main competitive challenges in key foreign markets. Among the Administration's initiatives it describes are steps for enhancing the coordination among different U.S. Government agencies; strengthening advocacy efforts in support of U.S. companies bidding on foreign contracts; developing a more strategic approach for trade missions; making more efficient use of the resources available for trade finance; and addressing specific priority issues such as foreign bribery and technical/regulatory barriers to trade.

The TPCC plans to release the Report late next week; Secretary Daley is scheduled to testify at a Senate Banking Committee hearing tentatively set for next Friday, October 24, and the following week before the House International Relations Committee. We do not envision any event related to the Report at which the President would participate. We also do not envision significant use of the Report in connection with the fast track effort -- although we do expect that Secretary Daley will be

asked about fast track at the two hearings, and the President's letter does reference the TPCC's initiatives and fast track renewal as two important components of the Administration's export strategy.

The Export Enhancement Act of 1992 provided for establishment of the Trade Promotion Coordinating Committee. In 1993, President Clinton issued an executive order that created the TPCC and mandated that it issue an annual report on the Administration's National Export Strategy. This is the fifth such report.

The President's letter describes how the National Export Strategy relates to other export promotion and job creation initiatives, including the requested renewal of fast track authority. As in the past, this is not a formal letter of transmittal; it simply will be included at the front of the TPCC Report.

Concurrences: Malcolm Lee, Will Davis

RECOMMENDATION

That you forward the memorandum and letter at Tabs I and A, respectively, to the President.

Attachments

Tab I Memorandum to the President
- Tab A - President's Letter
- Tab B - 1997 Strategic Agenda (chapter of the Report)

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

SUBJECT: Cover Letter for Annual Report of the Trade Promotion Coordinating Committee

Purpose

To review and sign a letter for inclusion in the 1997 National Export Strategy, the annual report of the Trade Promotion Coordinating Committee.

Background

The Export Enhancement Act of 1992 required the President to establish a Trade Promotion Coordinating Committee (TPCC) to coordinate the Federal Government's export promotion and export financing activities, and to issue an annual report to the Congress. By executive order, you established the TPCC, designated the Secretary of Commerce as its chair, and charged it with submitting the annual report. The first report was submitted in Fall 1993; this is the fifth annual report.

This year's Report builds on previous analyses comparing U.S. export promotion and financing programs with those of our chief economic competitors and identifying the main competitive challenges in key foreign markets. Among the Administration's initiatives it describes are steps for enhancing the coordination among different U.S. Government agencies; strengthening advocacy efforts in support of U.S. companies bidding on foreign contracts; developing a more strategic approach for trade missions; making more efficient use of the resources available for trade finance; and addressing specific priority issues such as foreign bribery and technical/regulatory barriers to trade.

Your letter focuses on the importance of the National Export Strategy and its relationship to other export-related initiatives, including renewal of fast track authority. Secretary Daley will testify before the Senate Banking and House International Relations Committees in the next two weeks. We do not believe that you need to be involved in the Report's release.

RECOMMENDATION

That you ~~sign~~ review and approve the letter at Tab A.

Attachment

Tab A President's Letter

DRAFT LETTER FROM THE PRESIDENT

As we issue the fifth annual report of the Trade Promotion Coordinating Committee describing our National Export Strategy, the U.S. economy is thriving. Our three-part economic strategy -- cutting the deficit, investing in education and training, and opening foreign markets to our goods and services -- is producing clear results. Since I took office, our economy has generated nearly 13 million new jobs, unemployment has fallen below 5 percent, wages and family incomes are up, and the deficit has been reduced more than 80 percent. We are in the midst of the longest period of sustained growth of any major economy in the world. And fully one-third of that economic growth is dependent on overseas trade.

Our aggressive export strategy is paying off for American companies and workers. For the past five years, the United States has been rated the world's most competitive economy. Today, we are once again the world's leading exporter, the leading producer of automobiles, the leading producer of semiconductors. Exports of manufactured goods, high technology products, and agricultural goods are up more than 40 percent. Exports support over 11 million U.S. jobs -- including one in five manufacturing jobs -- and have been responsible for nearly two million new jobs in the past four years alone. These jobs pay on average 15 percent more than jobs not related to exports.

Yet there is much more to do. While the United States accounts for 22 percent of the world's wealth, we have only four percent of the world's consumers. The greatest export opportunities today exist in the emerging market economies of Latin America, Asia, the Middle East, Africa, Central and Southern Europe, and the Newly Independent States of the former Soviet Union. Middle and lower-income countries (those outside the OECD) have accounted for 80 percent of our rapid export growth over the past eight years -- despite trade barriers that often remain high. To continue to grow and prosper, we must look increasingly to business opportunities beyond our borders. To maintain our standard of living, we must continue to work for greater access to foreign markets -- not retreat to the sidelines and leave the playing field to others. America's future economic prosperity and security demand nothing less.

One critical element of our export strategy is to negotiate new trade agreements that address the remaining barriers to our world-class products and services. That is why I have asked the Congress to give me renewed fast track trade negotiating authority this year. Fast track will give us the ability to

continue to strengthen our economy and to create more jobs. That is critical is we are to continue the strong economic performance we worked so hard to foster over the past several years.

In addition, we must act strategically to target our export promotion and export finance programs in order to maximize their effectiveness. That is why in 1993 my Administration, in line with the clear direction set out by the Congress in the Export Enhancement Act of 1992, established the Trade Promotion Coordinating Committee to develop a new National Export Strategy. This Report, the fifth submitted by my Administration, describes how we are succeeding in the global marketplace today in large measure because we now have a conscious, coordinated plan -- through which the Federal Government targets its resources and expertise to help our firms and workers increase their exports to all corners of the globe.

From supporting high-level trade negotiations to providing a network of assistance for small and medium-sized companies, the Trade Promotion Coordinating Committee is providing the services our firms and workers need to succeed in the global economy and help secure a stronger economic future. For five years, under the leadership of Ron Brown, Mickey Kantor, and now Bill Daley, the Trade Promotion Coordinating Committee has provided the leadership and strong interagency coordination needed to address both the opportunities and challenges that our exporters face. This year's Report describes the achievements of the past year and the strategic agenda and priorities for the coming year -- in both cases focusing on the efforts of many different Government agencies working together in support of a common objective.

Good jobs, sustained economic growth, and stronger communities all depend on our ability to compete successfully in the global marketplace. The National Export Strategy is a key part of that effort, and I applaud the Trade Promotion Coordinating Committee for the accomplishments noted in this Report and the strategic plan it has developed to build on those accomplishments.

William J. Clinton

October 16, 1997

ACTION

MEMORANDUM FOR SANDY BERGER
DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

THROUGH: ROBERT KYLE

FROM: ERIC BIEL

SUBJECT: Report of the Trade Promotion Coordinating Committee; President's Letter

is constructive + non-controversial

The interagency Trade Promotion Coordinating Committee (TPCC), chaired by the Secretary of Commerce, is finalizing its 1997 Report in preparation for its submission to the Congress. The Commerce Department has requested a cover letter from the President that would be included in the Report, as in the past. We are asking you to approve the attached letter and the issuance of the ~~TPCC~~ Report.

good

~~We do not believe that~~ The Report ~~will be controversial~~; it is primarily a review of Administration efforts to strengthen our export promotion and financing programs, promote increased U.S. exports to middle and lower-income countries, and address certain important barriers to those exports. ~~We have worked with the TPCC staff and other officials at the Commerce and State Departments to ensure that there are no potentially inflammatory statements in the Report.~~

Insert para 2 from POTUS memo.

The TPCC plans to release the Report late next week; Secretary Daley is scheduled to testify at a Senate Banking Committee hearing tentatively set for next Friday, October 24, and the following week before the House International Relations Committee. We do not envision any event ~~in connection with the~~ related to the Report~~'s release~~ at which the President would participate. We also do not envision significant use of the Report in connection with the fast track effort -- although we expect that Secretary Daley will be asked about fast track at the two scheduled hearings, and the President's letter does reference the TPCC's initiatives and fast track renewal as two important components of the Administration's export strategy.

The Export Enhancement Act of 1992 provided for establishment of ~~a~~ the Trade Promotion Coordinating Committee ~~to develop a "unified~~

+ mandated it
issue

framework" and "government-wide strategic plan" for carrying out the Federal Government's export promotion and financing activities, and to report annually on the plan's development, implementation, and any revisions from the previous year. In 1993, President Clinton issued an executive order establishing ~~the TPCC and tasking it with submitting~~ an annual report on the Administration's National Export Strategy. ~~-- the "strategic plan" described in the statute.~~ This is the [fifth] such report.
L?

This fifth annual Report consists of (1) a cover letter from the President (a draft of which is attached at Tab A), as well as a more detailed letter from Secretary of Commerce Daley; (2) an executive summary (the "1997 Strategic Agenda", attached at Tab B); (3) a "Commercial Policy Framework" covering the TPCC's four functional areas of transnational bribery, standards and technical regulatory requirements, offsets, and small business; (4) "Strategies for the Emerging Regions," describing the TPCC's six regional working groups: Asia, Latin America, Sub-Saharan Africa, the Middle East and North Africa, Central and Southern Europe, and the Newly Independent States of the former Soviet Union; and (5) trade data and summaries of the structure and budgeting for TPCC-related programs by agency (Agriculture, Commerce, Energy, Labor, State/USAID, Transportation, Treasury, EPA, Eximbank, OPIC, SBA, TDA, USIA, and USTR).

The President's letter describes how the National Export Strategy relates to other export promotion and job creation initiatives, including the requested renewal of fast track authority. As in the past, this is not a formal letter of transmittal; it simply will be included at the front of the TPCC Report.

Concurrences: Malcolm Lee, Will Davis

RECOMMENDATION

That you forward the memorandum and letter at Tabs I and A, respectively, to the President.

Attachments

Tab I Memorandum to the President
- Tab A - President's Letter
- Tab B - 1997 Strategic Agenda (chapter of the Report)

ACTION

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE EXECUTIVE CLERK

FROM: SAMUEL BERGER
DANIEL TARULLO
GENE SPERLING
JOHN HILLEY

SUBJECT: Cover Letter for Annual Report of the Trade Promotion Coordinating Committee

Purpose

To review and sign a letter for inclusion in the 1997 National Export Strategy, the annual report of the Trade Promotion Coordinating Committee.

Background

the coordinate issue a Congress.

The Export Enhancement Act of 1992 required the President to establish a Trade Promotion Coordinating Committee (TPCC) to ~~develop a "unified framework" and "government-wide strategic plan" for carrying out the~~ Federal Government's export promotion and export financing activities, and to report annually to ~~the Senate Banking and House International Relations Committees on the plan's development, implementation, and any revisions from the previous year~~. By executive order, you established the TPCC, designated the Secretary of Commerce as its chair, and charged it with submitting ~~an~~ annual report ~~describing the Administration's National Export Strategy.~~ The first report was submitted in Fall 1993; this is the fifth annual report.

This year's Report builds on previous analyses comparing U.S. export promotion and financing programs with those of our chief economic competitors and identifying the main competitive challenges in key foreign markets. Among the Administration's initiatives it describes are steps for enhancing the coordination among different U.S. Government agencies; strengthening advocacy efforts in support of U.S. companies bidding on foreign contracts; developing a more strategic approach for trade missions; making more efficient use of the resources available for trade finance; and addressing specific priority issues such as foreign bribery and technical/regulatory barriers to trade. Para 2

Your letter focuses on the importance of the National Export Strategy and its relationship to other export-related initiatives, including renewal of fast track authority. The

~~Report also will include~~ a detailed letter ~~from~~ Secretary ~~of Commerce~~ Daley~~, who~~ will testify before the two committees soon after it is released; ~~an executive summary (the "1997 Strategic~~ Agenda"); a "Commercial Policy Framework" detailing the key issues being addressed by the TPCC; and "Strategies for the Emerging Regions" covering the TPCC's six regional working groups (Asia, Latin America, Sub-Saharan Africa, the Middle East and North Africa, Central and Southern Europe, and the Newly Independent States of the former Soviet Union.)

RECOMMENDATION

That you sign the letter at Tab A.

We do not ~~consider~~ believe you personally need to be involved in the release.

Attachment

Tab A President's Letter

As we issue issue our fifth annual report,

Make it look like a letter? (Dept?)

DRAFT LETTER FROM THE PRESIDENT

~~In the first year of my second term,~~ the U.S. economy is thriving. Our three-part economic strategy -- cutting the deficit, investing in education and training, and opening foreign markets to our goods and services -- is producing clear results. Since I took office, our economy has generated nearly 13 million new jobs, unemployment has fallen below 5 percent, wages and family incomes are up, and the deficit has been reduced more than 80 percent. We are in the midst of the longest period of sustained growth of any major economy in the world. And fully one-third of that economic growth is dependent on overseas trade.

Our aggressive export strategy is paying off for American companies and workers. For the past five years, the United States has been rated the world's most competitive economy. Today, we are once again the world's leading exporter, the leading producer of automobiles, the leading producer of semiconductors. Exports of manufactured goods, high technology products, and agricultural goods are up more than 40 percent. Exports support over 11 million U.S. jobs -- including one in five manufacturing jobs -- and have been responsible for nearly two million new jobs in the past four years alone. These jobs pay on average 15 percent more than jobs not related to exports.

Yet there is much more to do. While the United States accounts for 22 percent of the world's wealth, we have only four percent of the world's consumers. The greatest export opportunities today exist in the emerging market economies of Latin America, Asia, the Middle East, Africa, Central and Southern Europe, and the Newly Independent States of the former Soviet Union. Middle and lower-income countries (those outside the OECD) have accounted for 80 percent of our rapid export growth over the past eight years -- despite trade barriers that often remain high. To continue to grow and prosper, we must look increasingly to business opportunities beyond our borders. To maintain our standard of living, we must continue to work for greater access to foreign markets -- not retreat to the sidelines and leave the playing field to others. America's future economic prosperity and security demand nothing less.

One critical element of our export strategy is to negotiate new trade agreements that address the remaining barriers to our world-class products and services. That is why I have asked the Congress to give me renewed fast track trade negotiating authority this year. Fast track will give us the ability to continue to strengthen our economy and to create more jobs. ~~Just as importantly, fast~~ track will enable ~~us to~~ maintain America's half century of global leadership. ~~For~~ the trade patterns that develop in the coming years will help establish other patterns.

That is critical if we are to continue the strong econ performance we have worked so hard to create.

wld not tord ~~to~~ for policy in an econ doc.

and relationships that affect our national security and foreign policy much more broadly -- particularly in the emerging market economies where the United States has worked so hard to promote both free market policies and stronger democratic institutions.

In addition, we must act strategically to target our export promotion and export finance programs in order to maximize their effectiveness. That is why in 1993 my Administration, in line with the clear direction set out by the Congress in the Export Enhancement Act of 1992, established the Trade Promotion Coordinating Committee to develop a new National Export Strategy. This Report, the fifth submitted by my Administration, describes how we are succeeding in the global marketplace today in large measure because we now have a conscious, coordinated plan -- through which the Federal Government targets its resources and expertise to help our firms and workers increase their exports to all corners of the globe.

From supporting high-level trade negotiations to providing a network of assistance for small and medium-sized companies, the Trade Promotion Coordinating Committee is providing the services our firms and workers need to succeed in the global economy and help secure a stronger economic future. For five years, under the leadership of Ron Brown, Mickey Kantor, and now Bill Daley, the Trade Promotion Coordinating Committee has provided the leadership and strong interagency coordination needed to address both the opportunities and challenges that our exporters face. This year's Report describes the achievements of the past year and the strategic agenda and priorities for the coming year -- in both cases focusing on the efforts of many different Government agencies working together in support of a common objective.

Good jobs, sustained economic growth, and stronger communities all depend on our ability to compete successfully in the global marketplace. The National Export Strategy is a key part of that effort, and I applaud the Trade Promotion Coordinating Committee for the accomplishments noted in this Report and the strategic plan it has developed to build on those accomplishments.

William J. Clinton

Malcolm R. Lee
10/13/97 04:50:31 PM

Record Type: Record

To: Eric R. Biel/WHO/EOP

cc:

Subject: Re: TPCC

Call Jeri back
~~482-5455~~

Call Mike

Sounds like we'll need a short decision memo to president from ~~Berger and~~ Tarullo describing key points of report and jist of President's letter, with draft letter and exec summary of TPCC report as attachements. Tarullo not back until midday Wednesday. Will ~~need to~~ send package out to ~~President's party~~ for Berger. Will need to run package by Bob. April or Elaine can help with formatting. ML

on Jack; Rose in

Jeri
(sat)
Get expedited ⇒ weekend or Mon am
due to TPCC
& then schedule
on Mon (Exec Sec)

clean copy?
retype letter?

TRADE PROMOTION COORDINATING COMMITTEE

TPCC

OFFICE OF THE UNDER SECRETARY
INTERNATIONAL TRADE ADMINISTRATION

Addressee's Name: Malcolm Lee

Phone Number:

Fax Number: 4569290

Originator's Name: [illegible]-Moan — call her

Number of Pages: (including coversheet)

Return Fax Number 202/482-[illegible]
Telephone Number 202/482-5455

COMMENTS

letter from Clinton
Ek [illegible]
date of release
review of substance
* release: fast track/help here?
how can use at least not hurt us.
- focus on Clinton ltr/process
- via Tarullo?
- memo to [illegible]?

call back

* hearing date before [illegible] — then letter

call

2 years ago - very informal
last year was vetted more
(incl. Tarullo ⇒ Aden Walsh)
rewritten ltr
} clearance process

* this must be signed this week

No [illegible] on earlier version

[illegible] covers [illegible] + ltr to Sec of Commerce

UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

October 2, 1997

BK → EB. Let's discuss.

~~# Malcolm 62299~~
~~got Pres. ITR~~

MEMORANDUM TO TPCC DEPUTIES

FROM: Timothy J. Hauser, Acting Tim

SUBJECT: **Final Draft of 1997 National Export Strategy**

Following up on our Deputies' meeting of September 23 and agency comments, I am attaching the last draft of the 1997 TPCC Report before we go to print. This draft reflects the views of all agencies to date, and is very close to a final product.

Although time is limited, we want to provide all agencies with a final chance to comment on the Report. To conclude our interagency clearance process, we will need any specific comments and your agency's official clearance no later than **Tuesday, October 7** if we are to meet our production schedule for release in mid-October. I apologize for the short turnaround, but at this juncture agencies should be quite familiar with the text on its third circulation.

Jensen-Moran

Again, we are extremely appreciative of the time and energy you and your staff have dedicated; it is apparent in the Report, which has evolved into one of our best interagency efforts.

cc: TPCC staff contacts

*1 Pres. ITR
*2 Sec. Daley ITR
3 Strategic Agenda
4 Policy Framework
a Bribery/Corruption
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UNITED STATES DEPARTMENT OF COMMERCE
The Under Secretary for International Trade
Washington, D.C. 20230

October 2, 1997

MEMORANDUM TO TPCC DEPUTIES

FROM: Timothy J. Hauser, Acting

SUBJECT: **Final Draft of 1997 National Export Strategy**

Following up on our Deputies' meeting of September 23 and agency comments, I am attaching the last draft of the 1997 TPCC Report before we go to print. This draft reflects the views of all agencies to date, and is very close to a final product.

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cc: TPCC staff contacts

EB/ML comments

Letter from President Clinton

In the first year of my second term as President, the U.S. economy is thriving. Our three-part economic strategy -- cutting the deficit to spur private sector investment, investing in critical priorities like education and training, and opening markets abroad -- is a proven success. Since I took office, the American economy has generated nearly 13 million new jobs, unemployment is below five percent, wages are up, and the deficit has been cut by more than 85 percent. America is in the midst of ~~the longest~~ period of sustained growth than any other major economy in the world. And one third of this economic growth depends on overseas trade.

One reason we're winning in the global marketplace is because of a conscious, coordinated plan -- the National Export Strategy -- which ensures the Federal government stands shoulder-to-shoulder with the private sector, targeting its expertise and resources on those issues which matter most to U.S. firms and workers. From the highest-level trade negotiation to a network of government services for small and medium-sized companies, the Trade Promotion Coordinating Committee provides the support our companies need to win the race to secure our country's economic future.

This aggressive export strategy has paid off for American companies and workers. America has been the world's most competitive economy for the last five years, and is once again the world's largest exporter, the largest producer of semiconductors, and the largest producer of automobiles. Manufacturing, high technology and farm exports are up over 40 percent. Exports support over 11.5 million jobs in the United States, including one in five manufacturing jobs. Over the last four years alone, exports have created 1.7 million new jobs -- jobs that typically pay 15 percent more than non-export related jobs.

But while we produce 22 percent of the world's wealth, America has only four percent of the world's consumers. Clearly the future of American economic security and prosperity depends on the business we do beyond our shores.

The ~~world economy is growing faster than our own --~~ and the most dynamic economies offering the greatest opportunities are in the emerging regions such as Latin America, Asia, the Middle East and Africa. Our global exports almost doubled over the last eight years, and developing nations accounted for about half of that growth, purchasing more than 40 percent of our exports. The Asian economy is expected to grow by six to seven percent annually for the next 15 years; Latin America ~~and the Caribbean~~ will eclipse Europe as the top destination for U.S. exports by 2000, and we have barely tapped the emerging markets of Africa.

To maintain our standard of living, we must have greater access to these markets. We can accomplish this by strategically targetting our trade promotion and finance programs where they will help U.S. firms and workers the most, and by negotiating new international trade agreements. The National Export Strategy can direct our commercial policy efforts; fast track negotiating authority is essential, ~~however,~~ to negotiate trade agreements that knock down barriers to U.S. exports in key markets in our most competitive sectors. Both tools are necessary to deal with the concerns many American businesses have about transparency, standards, rules of law, bribery and corruption and a host of other issues that demand strong interagency coordination and the strength of international trade agreements to resolve.

As we compete ~~our competitors continue to outspend and out-man us in the race~~ to secure market share abroad ~~and as the imperative to balance our budget remains a cornerstone of our economic plan~~, the TPCC has never been more critical to our export performance. Parented by Congress in 1992 and launched by my

Presltr
Draft 10/8/97

Administration in 1993, the TPCC is dedicated to thinking strategically about the U.S. global competitive position and leveraging and streamlining our export promotion and trade finance services. It is a mechanism which -- under the leadership of Ron Brown, Mickey Kantor and now Bill Daley -- has ~~come into its own as~~ become a key component of the Administration's economic arsenal.

This fifth Report on the status of the National Export Strategy lays out a strategic agenda for the coming year. It reflects the efforts of agencies throughout the government and integrates our policy and promotional priorities. It ~~represents the culmination of the TPCC's efforts during my first Administration,~~ and lays the foundation for what I want the TPCC to accomplish in my second term. ~~Now that it has~~ identified our commercial policy priorities, it must mature ~~into a tool to bring our programs in line with these priorities. It must not only set our strategic direction, but fully inform our budget process.~~

~~In the year ahead,~~ we must continue to build on our success. The race to capture global markets is on, and the stakes are high. Good jobs, economic growth, revitalized communities and our national standard of living depend on the ability of U.S. firms and workers to successfully compete in the global economy. ~~I'm confident that through the TPCC, the Federal~~ government will present a united front with the business community to meet this challenge. The TPCC is an important element in meeting this challenge...

William J. Clinton

Presltr
Draft 10/8/97

TRADE PROMOTION COORDINATING COMMITTEE

TPCC

OFFICE OF THE UNDER SECRETARY
INTERNATIONAL TRADE ADMINISTRATION

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Number of Pages: (including coversheet)

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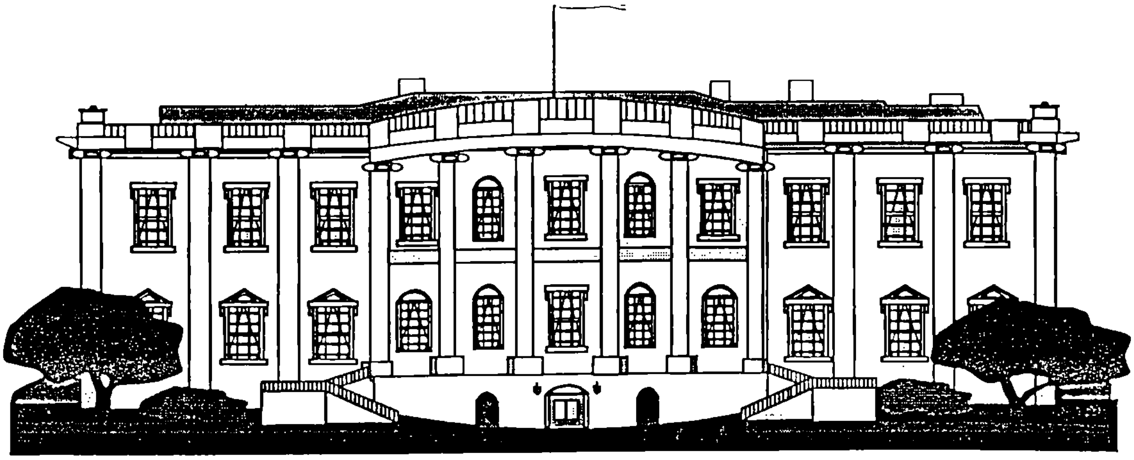
COMMENTS

As discussed ....



The White House

National Economic Council

To: Malcolm

Phone: 69299 Fax: 69290

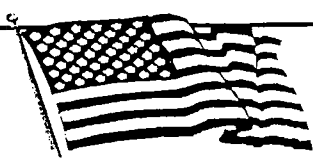
From: Eric

Phone: (202) 456-~~6630~~ 5370 Fax: (202) 456-2223

Pages including cover sheet: 3

Comments: Revised TPCC letter

EB



Letter from President Clinton

Link to OPE mssg on trade & fast track

More on Fast track? (integrating ~~that message~~)

In the first year of my second term as President, the U.S. economy is thriving, largely due to American leadership in world markets. Unemployment is low, ~~wages and~~ profits are up, and the stock market is setting record highs. Today, we are the world's most prolific exporter, one of its strongest competitors, ~~and best~~ innovator.

Trade now accounts for nearly one-third of our GDP. Manufacturing, high technology and farm exports are up over 40 percent. We are the world's largest producer of semiconductors and automobiles. Over 11 million American men and women owe their jobs to exporting, and more than a million of these jobs were generated from increased exports over the last four years.

check this

Compiling this record wasn't fate or luck. We're winning in the global marketplace because of a conscious, coordinated plan -- the National Export Strategy -- which ensures the federal government stands shoulder-to-shoulder with the private sector, targeting its expertise and resources on those issues which matter most to U.S. firms and workers. From the highest-level trade negotiation to a network of government services for small companies, twenty agencies are working together under the auspices of the Trade Promotion Coordinating Committee to provide the support our companies need to win the race to secure our country's economic future.

ask for Pres. to say!!

The TPCC is a bipartisan creation -- parented by Congress in 1992 and launched by my Administration in 1993. Over the last five years it has evolved into a true interagency effort, dedicated to thinking strategically about the U.S. global competitive position and leveraging and streamlining our export promotion and trade finance services. It is a mechanism which -- under the leadership of Ron Brown, Mickey Kantor and now Bill Daley -- has come into ~~its own~~ as a ~~key~~ component of the Administration's economic arsenal. As our competitors continue to outspend and out-man us in the race to secure market share abroad and the imperative to balance our budget intensifies, the TPCC has never been more essential to our export performance. It has also been instrumental in our effort to secure full funding and authorization for core TPCC agencies like the Export-Import Bank, the Overseas Private Development Corporation and the Trade Development Agency, by increasing public awareness of the significance of their critical programs.

This fifth Report on the status of the National Export Strategy lays out a strategic agenda for the coming year. It reflects the efforts of agencies throughout the government and integrates our commercial policy and promotional priorities. It represents the culmination of the TPCC's efforts during my first Administration, and lays the foundation for what I want the TPCC to accomplish in my second term. Now that it has identified our commercial policy priorities, it must mature into a tool to bring our programs in line with these priorities. It must not only set our strategic direction, but fully inform our budget process.

In the year ahead, we must continue to build on our success. The race to capture global markets has just begun, and the stakes are high. Good jobs, economic growth, revitalized communities and our national standard of living depend on our ability to successfully compete in the global economy. I'm confident that the TPCC will grow to help us meet this challenge.

William J. Clinton

The National Export Strategy

Cornerstone for Growth

1997 Report to Congress

Trade Promotion Coordinating Committee

Final Draft

Letter From Secretary Daley

Letter from Secretary Daley

Dear Mr. President and Mr. Speaker,

As chairman of the interagency Trade Promotion Coordinating Committee (TPCC), I am proud to present this fifth annual report on the status of our National Export Strategy.

The past year was an important turning point for both the TPCC and for U.S. exporters. It was a year in which two of our key agencies -- OPIC and Ex-Im Bank -- faced difficult reauthorization battles, as they strove to educate some in Congress on the significance of their programs to American firms and workers. It was a year that saw changes in leadership at some of our key agencies like the Export-Import Bank, the Overseas Private Investment Corporation, and the Small Business Administration. Indeed, a new team has taken the reigns of the TPCC, a team eager to usher in a new phase of interagency collaboration and strategic focus. It is a team committed to making the TPCC an essential tool in targeting the government's resources where they will benefit the U.S. exporting community the most. It is a team which believes American firms and workers must have at their disposal government programs that will make the most difference in their efforts to win their fair share of overseas contracts.

And winning they are. In fact, U.S. companies and workers have never been more competitive. When the TPCC was first launched in 1993, we set an ambitious objective to increase American exports to $1.2 trillion by the year 2000. With exports growing at a pace of about 10 percent a year, reaching a record $849 billion in 1996[1], it is likely that we will surpass our $1.2 trillion goal. Also, the numbers of American firms exporting has grown to more than 112,000. This number reflects a 60 percent growth rate between 1987 and 1992 (the most recent year for which we have figures). Moreover, we can take particular satisfaction that strong export growth has occurred during a period of price stability -- thus price increases have not played a major role in U.S. export expansion.

[INSERT CHART - U.S. EXPORTS OF GOODS AND SERVICES WITH PROJECTION TO 2000]

Today, more than 11 million U.S. jobs depend on exports and more than a million of these jobs were generated from increased exports over the last four years. It is becoming increasingly evident that exports improve our standard of living through higher wages and benefits. As we pointed out last year, firms that export achieve 20 percent faster employment growth and are 9 percent less likely to go out of business than non-exporting firms; jobs in export industries pay 13-18 percent more than the average wage, provide 11 percent higher benefits and are generally more productive than companies that do not export. That's one reason over 68 percent of the jobs created in the U.S. between 1994 and 1996 paid above the median wage.

check all #s do these random

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[1] *Manufactured goods accounted for $525 billion, services $237 billion, and Agriculture $61 billion.*

Yet it is also true that the global marketplace has never been more challenging for both small and large businesses. The competitive environment we face abroad and the resource constraints we must cope with at home have made our efforts to think strategically about the U.S. global competitive position and strengthen our export promotion and trade finance services more critical than ever. It is also true that we have much more work to do. Our most recent estimates show that the untapped export potential of U.S. business is even greater than we had suspected. Out of 690,000 manufacturing firms in the U.S., only six percent exported and only five percent of the nation's 770,000 wholesalers exported in 1992. Only one-third of one-percent of all other types of U.S. companies -- largely service-based firms -- exported in 1992. If only a total ~~of ten~~ percent of U.S. manufactures exported -- an increase of just four percent -- we estimate that *** new jobs would be created here at home. What does this add?

Status of the National Export Strategy – 1997

1996 was also a year in which critical TPCC agency programs fell under close scrutiny. Even at a time when U.S. firms and workers were struggling to compete against often bruising foreign competition, U.S. government programs designed to mitigate the competitive advantages enjoyed by foreign firms -- heavily supported by their national governments -- were being criticized by some as unneccessary and wasteful. This debate catalyzed the TPCC into action to work together to meet our critics head-on. In conjunction with the private sector and the exporting community, we brought a unified voice and the facts -- to the debate. We demonstrated the TPCC's trade promotion and financing programs are both necessary and critical to the long-term health of our increasingly internationalized economy and pay enormous dividends back to the American people.

Notwithstanding the difficult time we faced, today we can point to an improved TPCC. In addition to taking many of the commercial strategies we outlined last year one step farther, *this year we have streamlined the TPCC structure to improve coordination and stimulate long-term approaches to barriers impeding U.S. exports in emerging regions.* We have also continued to focus on identifying program areas where we can integrate our efforts and provide better services to U.S. business.

Our progress has been steady and sure. We began in 1993 with 65 recommendations to leverage our resources and remove government-imposed obstacles to exporting. In 1994, we began the process by implementing recommendations and establishing new directions -- like our focus on the Big Emerging Markets. In 1995, in addition to focusing on advocacy and small business trade finance, we documented the practices other governments undertake to win the major projects that will ensure future global market presence and domestic economic growth. In 1996, we began to develop strategic policies that would directly address foreign competitive practices, and we outlined two pioneering initiatives to increase access to credit for small businesses. In addition, we set out new commercial strategies on bribery, standards, technical assistance and defense offsets.

As our strategy has evolved, we have seen a number of significant achievements:

- ***Through aggressive enforcement and implementation of OECD rules, we have succeeded in reducing tied aid offers from as much as $10 billion annually in 1991-1992 to an average of $4-7 billion between 1993 -1996.*** Of equal importance is that the remaining tied aid is no longer being used for projects that are commercially viable and instead is primarily used for bona fide small scale rural aid projects. As a result, we estimate that U.S. capital goods exports can be expected to be higher by $1 billion annually at a budget savings of approximately $300 million because U.S. exporters can now compete fairly for projects no longer eligible for tied aid.

- ***In 1997, through aggressive and persistent efforts, the U.S., led by the Department of Treasury and Ex-Im Bank, forged a new OECD Agreement on Premia, the last major area of potentially undisciplined subsidy in official export credits.*** After 2.5 years of intensive negotiations, the 23 countries of the OECD who offer long term official export credit have come forth with new rules for exposure fees charged on term credit risk. This agreement on premia provides a framework within which Ex-Im Bank can achieve improved competitiveness on behalf of the U.S. exporting community (as well as a modes amount of short-run budget savings), the disciplines necessary to preclude deterioration in fee levels, and a mechanism for applying constant pressure for greater progress toward a market oriented fee system. The new system will be fully in place by April 1999.

- ***As part of our strategy on untied aid, we have notified U.S. companies of about $ 16 billion worth of Japanese Overseas Economic Cooperation Fund projects and have broadened our strategy to include the Philippines, Thailand and Vietnam, along with our initial focus on China, India, Indonesia and Japan.*** We believe that the key to success for U.S. firms interested in participating in untied aid projects in Asia and elsewhere is easy and timely access to the information necessary for them to prepare complete and competitive bids for these projects. Our untied aid initiative concentrates on projects funded by Japan's Overseas Economic Cooperation Fund (OECF) and the Export-Import Bank of Japan (JEXIM). Our objective is not to give U.S. exporters special access to untied aid financing, but to ensure that they have information that will enable them to be as competitive as possible when bidding on untied aid projects. We strive to supply information that places the U.S. Government in a better position to engage in earlier and more effective advocacy efforts on behalf of U.S. firms, and to monitor bid awards in order to verify the extent to which Japan's aid program is truly untied.

- ***Our Advocacy Center, at the Department of Commerce, is now almost four years old and has helped a sizeable number of U.S. companies win overseas contracts worth over $55 billion in U.S. exports over the life of the contracts.*** We have also integrated our Advocacy Center, Ex-Im Bank and the Department of Energy databases so that these agencies have access to information regarding the Center's pending projects. The Departments of State, Transportation, TDA, OPIC and AID will soon follow suit.

The Advocacy Center, and the Advocacy Network continue to assist U.S. companies -- small, medium and large -- by providing high-level U.S. government support for American firms when they compete for foreign procurement contracts, particularly in emerging markets. Companies all over the world are fiercely competing to win these contracts as a way to enter emerging markets and help set the standards by which future competitition will be measured. Advocacy is essential when bidding processes are not transparent and where contract awards might not be made solely on technical and commercial considerations.

- ***Our Export Assistance Center (EAC) network is now complete.*** To ensure that U.S. Government export assistance programs are more accessible to small and medium-sized firms, we established 19 central Export Assistance Centers in larger cities and connected them to 81 local EAC's nationwide to create a "hub and spoke" network. The mission of the EAC network is to deliver a comprehensive array of export counseling and trade finance services to U.S. firms, particularly small and medium-sized enterprises. As client-driven, bottom-line oriented offices that integrate the export marketing know-how of the Department of Commerce with the trade finance expertise of the Small Business Administration (SBA) and Export-Import Bank, our EAC's have the look and feel of effective and efficient private sector export consulting firms. We have leveraged our resources at the local level by pursuing joint ventures with state and local public and private organizations. These partnerships allow us to eliminate duplicative programs and enhance the quality and delivery of export assistance services to U.S. businesses.

- ***Progress has been made in combating bribery and corruption.*** Over the past year, through the OECD's Working Group on Bribery, Members have reached consensus on common elements to guide the drafting of national legislation and steps have been taken to create an enforcement mechanism to ***criminalize bribery*** of foreign public officials. At the 1997 Ministerial, agreement was reached to open negotiations promptly on an international convention to criminalize bribery in conformity with the common standard agreed to by OECD members in February. The convention is to be open for signature by the end of 1997, with a view to its entry-into-force 12 months thereafter. The council also approved a recommendation that member countries should submit a criminalization proposal to their national legislatures, based on the common standard, by April 1, 1998, and to seek their enactment by the end of 1998.

  On the separate issue of the ***tax deductibility of bribes***, individual OECD countries have made only limited progress. Of the dozen or so OECD members which permit the tax deductibility of bribes, Norway has already eliminated the practice and Belgium, the Netherlands, Switzerland, Denmark, and Australia have measures pending in their legislatures to eliminate such tax deductions. In contrast, Germany, France, and Austria have indicated they will not take such action until the issue of criminalization is resolved.

- ***We continue to work to reduce government-imposed obstacles to exporting.*** The United States has made progress with the 1993 TPCC mandate to transfer items from the U.S. Munition List, administered by the State Department, to the Commerce Control List. On October 21, 1996, the Administration transferred jurisdiction on certain commercial communications satellites and certain hot section technology for the development and production of commercial aircraft engines. On December 30, 1996, the Administration implemented President Clinton's encryption policy announced on October 1, 1996. Key elements including the transfer of commercial encryption items. Additionally, this policy resulted in the liberalized treatment for recoverable products and a two-year transition period during which non-key recovery 56 bit DES or equivalent strength encryption products may be approved for export, based on company commitments to build and market key recovery products and to support a key management infrastructure for electronic commerce.

The Administration's ongoing efforts to remove outdated controls include recent liberalizations of export controls.

> ➢ Responding to concerns of industry, the United States, through multilateral efforts, liberalized export controls for oscilloscopes and certain transient recorders. These steps substantially reduce the paperwork burden by decreasing the number of license applications that exporters and reexporters are required to submit for oscilloscopes.
>
> ➢ In May 1997, the Administration announced the liberalization of the encryption licensing policy for banks and financial institutions and for highly formatted financial-specific encryption items.
>
> ➢ The United States also ended an almost total, 23-year prohibition on exports of Alaskan North Slope (ANS) crude oil.
>
> ➢ In March 1997, the Administration introduced a licensing review policy for the approval, on a case-by-case basis, of certain exports to human rights organizations, news bureaus, and individual and non-governmental organizations engaged in activities that promote democratic activity in Cuba, as part of the President's commitment to support democratic reform in Cuba.
>
> ➢ Finally, the United States has retained its existing licensing policy for Hong Kong based on the PRC's commitment to allow Hong Kong to maintain its separate economic system which includes a strong and effective export control system.

[illegible] ?

Our efforts to further **streamline the licensing process** include:

> the introduction of an imaging system that allows electronic access to export license and classification applications previously submitted in a paper format and permanently stores export licensing and classification information. Also planned is the development of the means to submit license applications via the Internet which will offer substantial savings in time and money for U.S. exporters.

The United States continues to play an active role in helping to increase the effectiveness of multilateral control regimes. Agreement was reached at the Nuclear Suppliers Group (NSG) to reformat the numbering system and to standardize the control language of the NSG Dual Use list to conform with the European Union, Wassenaar, and Missile Technology Control Regime control lists in order to provide transparency and consistency for exporter and reexporters of these products. The United States will continue to work to harmonize multilateral lists and list interpretations to maintain a level playing field for U.S. companies.

- ***We successfully negotiated a Mutual Recognition Agreement on standards with the EU which will affect $50 billion in two-way trade in 6 industry sectors.*** When fully implemented, the agreements will recognize the results of product testing or certification requirements set by both governments. It will eliminate the need for duplicative testing, inspection or certification requirements for products on each side of the Atlantic. These agreements are expected to increase U.S. exports by saving manufacturers more than $1 billion in costs annually, equivalent to a two or three point reduction in tariffs.

- ***We have established, and will continue to investigate, new avenues in which information about and access to existing and potentially new sources of export finance for small business can be developed or enhanced.***

- ***We have begun a consultative process with major producers, suppliers and labor to assess appropriate next steps for a U.S. government policy on offsets, or foreign government requirements for local production or technology transfer.*** **[TD/DOC]**

In addition, the TPCC continues to focus its daily efforts on a number of growing export sectors.

- The TPCC's **Services Initiative** was created in order to reinforce the continuing surplus of U.S. exports. This initiative has been very active, drawing upon the export potential of the largest sector of the U.S. economy which today accounts for 75 percent of all private sector output and over 81 million jobs. The services sector is dominated by small businesses, which rely most heavily on U.S. Government promotional efforts. Over the past year, the TPCC's Services Initiative has assisted U.S. services exports to exceed imports by $80 billion. During FY 1997, the initiative was broadened to include a focus on ***electronic commerce*** whose expected growth will also impact global trade in services. Service

Initiative achievements over the last year include:

- ➢ Launching 16 trade missions, mostly in the Big Emerging Market countries, in areas of distribution, healthcare, financial, environmental, and information services.

- ➢ Helping U.S. firms win contracts valued at over $6.7 billion, which resulted in $500 million in U.S. services exports.

- ➢ Organizing 50 trade promotion activities including conference, workshops forums and roundtables that addressed issues such as the financing needs of small businesses, protection of intellectual property rights and market access for content industries, selling services in the BEMs, and improving services trade data.

- ➢ Developing an Electronic Commerce Clearinghouse Team to promote U.S. services exports through electronic commerce.

- ➢ Establishing a program to provide overseas Posts guidance for effectively exploring the potential for U.S. services exports.

- ➢ Granting feasibility studies through the U.S. Trade and Development Agency. A large number of TDA projects focus directly on promoting services exports. Examples include telecommunications and management information system projects in virtually all sectors (transportation, finance, health care, and energy). TDA estimates approximately 20 percent of the exports related to its projects are high-wage services such as engineering construction management, design and architecture and other kinds of technical assistance.

- The **Environmental Technologies (ET)** industry is one of the fastest growing worldwide with a global market expected to reach $600 billion by the year 2010. Indeed, U.S. exports of environmental technologies have grown over 65% since 1993 when the *TPCC's Environmental Trade Working Group* was created. U.S. envirotech exports currently support some 119,000 jobs and were directly responsible for 40 percent of the $7.5 billion in environmental technologies industry growth last year.

The U.S. environmental technologies sector faces fierce competition in global markets, especially from Japan, Germany and France. We currently export only 8 percent of our output in this sector, far less than Japan and some European competitors who export more than one-fifth of their production of environmental technologies. To help U.S. firms increase their market share, the TPCC's Environmental Trade Working Group (ETWG) has developed a coordinated interagency effort to enhance public/private partnerships; helping U.S. firms win in high-growth markets; ensuring competitive financing; improving technological development; and building institutional and human capacity in foreign markets. To meet these objectives, we have:

> Ex-Im Bank Helps U.S. Environmental Firm
> Break Into New Markets Oveseas
>
> Bioclimatic Inc. Of Moorestown N.J. makes air purification and pollution control equipment. The firm was interested in breaking into European and Asian markets, and with the help of the Export-Import Bank, was able to buy insurance from Ex-Im Bank that guaranteed 95 percent payment of his foreign accounts receivable. The result: 10 percent of his business last year was from overseas, an amount that this year is increasing. Stephen H. Zitin, President of Bioclimatic Inc., recently returned from a trip to Singapore to drum-up new business and said "We are anticipating that, in three to four years, we'll be doing 50 percent of our business overseas."

- Led Environmental Technologies trade missions to 24 countries, supported numerous state and private sector missions and provided export counseling to U.S. firms on over 5,000 occasions through the office of Environmental Technologies Exports at the Department of Commerce.

- Produced new Environmental Technologies Export Market Plans (EMP's) for Thailand, the Philippines, South Africa, Colombia and Venezuela as well as updating EMP's for Mexico, Argentina, Chile, Poland and the Czech Republic. EMP's provide valuable information to U.S. environmental companies interested in business data on the most promising international markets and are widely distributed at major conferences, trade events and missions. EMP's are also available via the Internet.

- Implemented new AID programs such as the Latin America Fund for the Environment (LAFE) and the Environmental Technologies Network for the Americas (ETNA). To date, the ETNA program has generated 368 business and trade leads which have resulted in 51,527 matches with U.S. companies.

- Supported bi-lateral and multilateral training and technical development through such initiatives as the Environmental Pollution Prevention Program, the U.S. Environmental Training Institute and the U.S. EPA bilateral capacity building programs. These institution building programs are designed to help develop foreign environmental markets and create business opprtunities for U.S. firms.

This Year's Report **- A Focus on Strategic Coordination**

To sharpen our focus on the issues that matter most to U.S. exporters, this year we have taken a different approach. In addition to following through on our commercial strategies in the functional areas of bribery, standards, small business and offsets, we have launched six regional working groups to develop strategies for the most important commercial policy barriers in each region. These working groups -- each chaired by different TPCC agencies -- have produced a number of recommendations which will guide them throughout the year. We have taken the most important proposals that have emerged from these groups, along with key recommendations from the functional groups, and developed a strategic plan for 1997.

As chairman of a "new" TPCC, I am dedicated to ensuring that this mechanism -- truly a bipartisan product jointly parented by the Administration and Congress -- fulfills its potential as a strategic tool for establishing the direction of our trade promotion and finance programs in the coming years. It will continue to look for ways to leverage resources, improve services and increase coordination among the TPCC agencies. It also will continue to develop government-wide strategies to respond to the most important commercial policy issues our exporters face. And I hope it will also continue to play a positive role in communicating the importance of TPCC agencies and programs to Congress, as it did this year in the Administration's effort to obtain reauthorization and full funding for OPIC, Ex-Im Bank and TDA. But I would like to see it go beyond these efforts to a higher level of strategy and coordination, so that our resources are fully aligned with the policy priorities we have set. Only in this way can the TPCC agencies guarantee U.S. firms and workers the unequivocal support of their government as they participate in the competitive global marketplace.