

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Table of Contents

<u>Exhibit Number</u>	<u>Exhibit</u>	<u>Page Number</u>
3	Executive Summary – General Statement & Performance Measures	ITA – 3
	Organization Structure	ITA – 7
3a	Annual Performance Plan	ITA – 13
5	Summary of Resource Requirements: Direct Obligations	ITA – 43
7	Summary of Financing	ITA – 45
8	Adjustment to Base	ITA – 47
9	Justification of the Adjustments to Base	ITA – 49
	Justification of Program and Performance:	
	Manufacturing and Services	ITA – 55
	Market Access and Compliance	ITA – 65
	Import Administration	ITA – 71
	Trade Promotion and U.S. Foreign Commercial Service Program	ITA – 79
	Executive Direction and Administration	ITA – 87
16	Summary of Requirements by Object Class	ITA – 93
17	Detailed Requirements by Object Class	ITA – 95
33	Appropriation Language and Code Citations	ITA – 101
34	Consulting and Related Services	ITA – 107
35	Periodic, Pamphlets and Audiovisual Services	ITA – 109
36	Average Grade and Salaries	ITA – 111
	Glossary of Budget Acronyms and Terms	ITA – 113

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

EXECUTIVE SUMMARY

Who We Are

The mission of ITA is to create economic opportunity for U.S. workers and firms by promoting international trade, opening foreign markets, ensuring compliance with trade laws and agreements, and supporting U.S. commercial interests at home and abroad. ITA employs more than 2,500 people to perform these operations and to deliver these products and services. Our employees are stationed in over 250 offices domestically and internationally. ITA's goals and objectives are accomplished through five program areas: Manufacturing and Services (MAS), Market Access and Compliance (MAC), Import Administration (IA), Trade Promotion and the U.S. and Foreign Commercial Service (CS), and Executive Direction & Administration (Ex/Ad). Our core business functions are detailed below.

- ITA conducts detailed domestic and international competitive analysis to ensure that both the U.S. manufacturing and service sectors can compete effectively; meet the demands of global supply chains and understand the competitive impact of regulatory and economic factors.
- ITA offers a variety of products and services to the exporting community to assist them in the worldwide commercial arena; operates a Trade Information Center (TIC) that provides a single point of customer contact to government export assistance programs; runs the Advocacy Center (AC) that supports U.S. companies bidding on major foreign contracts; and plans and coordinates U.S. Government (USG) export promotion and assistance programs through the Trade Promotion Coordinating Committee (TPCC).
- ITA also advances trade compliance and market access outreach through its Trade Compliance Center (TCC); ensures enforcement of bilateral and multilateral trade agreements including analysis and advancement of critical U.S. trade position on standards, intellectual property and removal of non-tariff barriers evaluates and enforces U.S. trade laws.

Resource Request

For FY 2006, the ITA requests budget authority of \$395.9 million and 2,553 FTE. The budget also includes \$13 million in fees for a total gross appropriation of \$408.9 million that will be used to support base program functions. This is the first time that ITA's base operations will be dependent upon the collection of fees. Fees have been treated in greater detail on ITA's Exhibit 5. The Exhibit now arrays budget authority and budget authority plus fees.

Why We Make This Request

President Bush has continually extolled the benefits of increasing U.S. exports to the world as being an important driver for U.S. economic growth and for advancing democratic principles globally. We fully support the economic engine of the U.S. workplace with an emphasis on the manufacturing and services sectors and provide access to the worldwide marketplace through ITA's trade promotion programs.

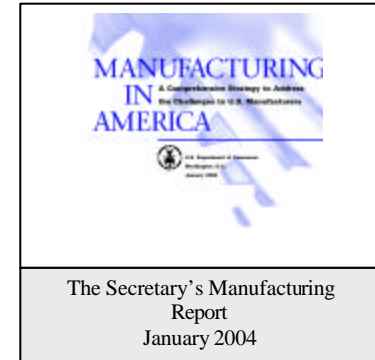
ITA's domestic and international operations support the Department of Commerce's (DOC) goal of maximizing U.S. competitiveness and enabling economic growth. This budget is replete with examples of ITA activities that have stimulated the economy even during economic downturns. In FY 2004, ITA's assistance to U.S. businesses resulted in 14,090 U.S. export transactions - an annual increase of 16 percent since FY 2002. Of these transactions; 12,510 involved Small and Medium Sized Enterprises (SMEs); 6,278 were companies exporting to new markets; and 896 were companies exporting for the first time.

The ITA has embarked on a number of priority programs to advance the competitiveness of American industry in the world marketplace.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

The Manufacturing Initiative - Strengthening American manufacturing is a top priority for the Administration. America's manufacturers provide our nation and our people with good jobs, a better quality of life, and inventions that have established our national identity. Our goal is to help American manufacturers compete and win in the 21st century. By implementing the strategy and recommendations contained in the Secretary's Manufacturing Report, *Manufacturing in America, A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers*, we will redouble the Administration's efforts on behalf of the millions of Americans who work in the manufacturing sector.

The Standards Initiative - Standards are a critical issue for manufacturing competitiveness in global markets, as they can facilitate international trade, or they may impede access to foreign markets. Many in U.S. industries view standards as the principal non-tariff barrier in markets around the world. ITA estimates that standards issues impact 80 percent of world commodity trade. The Department of Commerce (DOC) carries out a wide range of activities in support of the private sector on standards issues, including: investigation of company/sector specific concerns, training, grant funding for qualified private sector constituents, outreach to industry, technical contributions, and both multilateral and bilateral trade negotiations. The ITA standards strategy is proactive and targets standard setting bodies, working to set standards before a barrier is erected. The second component of the initiative is to ensure U.S. firms are educated about existing standards and utilize the global supply chain to their advantage. Consistent with DOC's Manufacturing Initiative, the Secretary's Standards Initiative is intended to improve the environment for manufacturing and enable U.S. manufacturers to compete more effectively in world markets. Effectively coordinated and leveraged, the DOC's standards-related programs can make significant contributions to promoting open markets and a level playing field for U.S. manufacturers.



Expanding Global Intellectual Property Rights (IPR) Enforcement - A study of the U.S. copyright industries by the International Intellectual Property Association (IIPA) indicates that income generated by the "core" U.S. copyright industries accounts for a little over one-twentieth of U.S. GDP or about \$535 billion in 2001, the latest year covered by the industry study. The copyright industries' foreign sales and exports continue to be larger than almost all other industry sectors, including automobiles and auto parts, aircraft, and agriculture products. The Secretary of Commerce and the United States Trade Representative met with China's Vice Premier Wu Yi and convened the 15th plenary of the U.S.-China Joint Commission on Commerce and Trade (JCCT) on April 21, 2004. China and the United States will establish an IPR working group under the JCCT through which U.S. and Chinese trade, judicial, and law enforcement authorities will cooperate on the full range of IPR issues.

Expanding and Enforcing Textile Trade With China - The United States and China agreed to formalize bilateral textile dialogue through the creation of a Textiles Consultative Group (TCG), which ITA will co-chair with Vice Minister Ma Xiuhong of the Ministry of Foreign Trade and Economic Cooperation. We intend the TCG to address problems where U.S. companies see roadblocks to trade with China, including protection of intellectual property rights and how to increase U.S. textile exports to China.

Goals and Supporting Activities

ITA's programs directly support the DOC's Strategic Goal to "Provide the Information and Tools To Maximize U.S. Competitiveness and Enable Economic Growth For American Industries, Workers And Consumers." ITA contributes to the DOC Strategic Goal through three ITA strategic goals that encompass key program activities. These are described below:

ITA Goal 1- Strengthen United States Industries – Manufacturing and Services Program

The Manufacturing and Services (MAS) program is dedicated to strengthening the global competitiveness of U.S. industry, expanding its market access and increasing exports with a special focus on U.S. manufacturers. MAS has undertaken steps to foster an environment where U.S. industries can compete in the

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

global markets by becoming the focal point for manufacturing in the Executive branch and coordinating efforts at all levels of government in support of manufacturing. The driving force behind these efforts is that good jobs need strong businesses. MAS consults with U.S. industries on their competitive challenges and opportunities. It combines industries' input with detailed data analysis to develop policy recommendations that support the U.S. firms' ability to compete and export. The program advances strategic priorities for trade policy by conducting analysis of trends in productivity, growth employment, and through identification of issues such as outsourcing and the importance of a global supply chain. The MAS program ensures that U.S. industries' priorities are represented in market access negotiations. It advances policies and strategies that ameliorate the negative impacts of proposed domestic rules and regulations and conducts analysis to stimulate innovation and investment, enhance economic growth, and create higher paying jobs in U.S. industries.

ITA Goal 2- Expand the United States Exporter Base – Trade Promotion and United States and Foreign Commercial Service [the Commercial Service (CS)]

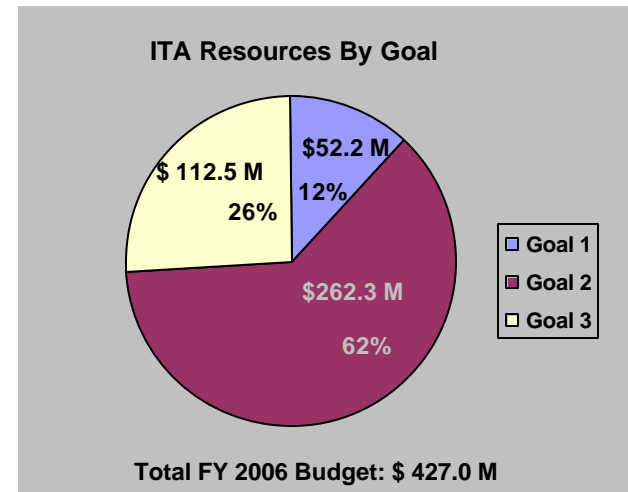
The CS program's mandate is to place primary emphasis on the promotion of goods and services from the U.S., particularly by small and medium-sized enterprises (SMEs), and on the protection of U.S. business interests abroad. In order to achieve this, the CS seeks to increase export opportunity awareness among U.S. companies by proactively identifying potential exporters who need assistance, leveraging electronic and traditional media, and developing alliances and partnerships to deliver export messages. The CS operates a TIC that provides a single point of customer contact for government export programs and manages the AC that supports U.S. companies bidding on major foreign contracts. Its 108 U.S. Export Assistance Centers (USEAC) throughout the country, and approximately 150 offices overseas are located to capitalize on high export activity areas identified by trade patterns and to facilitate aggressive outreach to traditionally under-served rural and minority communities.

The CS helps U.S. companies take advantage of world market conditions to find new buyers around the world. A growing list of free trade agreements provides additional price and market access benefits. The CS offers four ways to grow international sales by: 1) providing world-class market research; 2) organizing trade events that promote products or services to qualified overseas buyers; 3) arranging introductions to qualified buyers and distributors; and 4) offering counseling through every step of the export process.

ITA Goal 3- Ensure Fair Competition in International Trade – Market Access and Compliance and Import Administration Programs

U.S. industries are entitled to the benefits of trade agreements negotiated by the U.S. They are also entitled to the aggressive investigation of unfair trade practices that undercut those agreements. Two units in ITA, Import Administration (IA) and Market Access and Compliance (MAC), are committed to ensuring that the U.S. firms receive those benefits and prompt relief from unfair trade practices.

IA identifies and monitors import surges created by imports that are sold in the U.S. at less than fair market value, foreign governments subsidy practices, and other harmful import trends. It defends American industry against injurious trade practices by administering the antidumping (AD) and countervailing duty (CVD) laws of the U.S. IA attachés stationed in foreign locations help educate foreign governments and businesses about U.S. AD/CVD laws and provide support for U.S. firms facing AD/CVD proceedings in foreign locations. IA expedites investigations when warranted by import surges and foreign subsidy practices, defends against unfair trade practices before the World Trade Organization (WTO), and coordinates the DOC's role in key Administration trade areas such as the U.S. Government's (USG's) role in the Administration's steel strategy.



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

MAC tracks crucial market access and compliance problems to ensure timely engagement and resolution. ITA established an Investigations and Compliance Unit to take new and proactive measures to ensure that our trading partners honor their commitments. Staffed with skilled investigators trained in the development of the factual basis for potential enforcement action, particularly in the areas that have a significant effect on market access for U.S. goods, this office works closely with the U.S. Trade Representative (USTR), the U.S. Patent and Trademark Office (USPTO), and the Trade Policy Staff Committee agencies to investigate and resolve allegations and market-distorting practices.

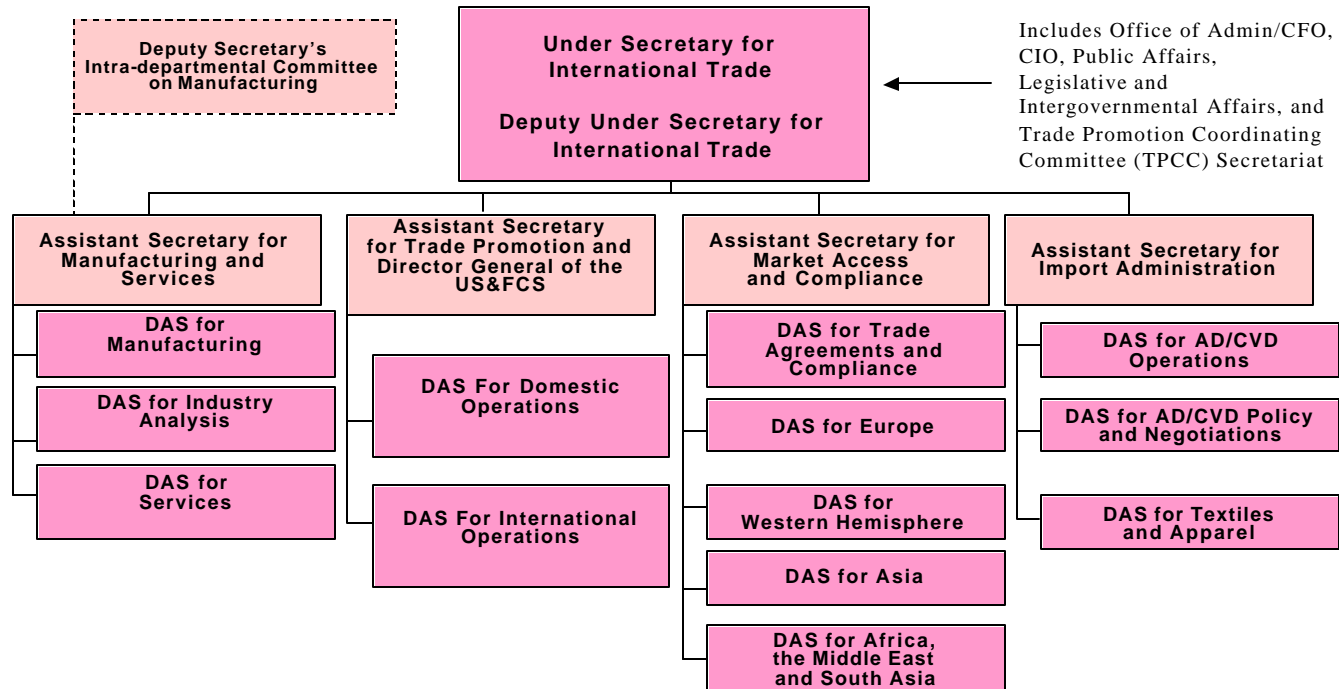
The following pages will demonstrate ITA's role in promoting and expanding fair trade in a worldwide economy. ITA and the United States economy face many challenges in international markets to which they export. ITA is working to ensure that SMEs continue to perform well in today's uncertain economy.

ITA's Integrated Performance Budget Supports the President's Management Agenda

ITA's goals and objectives drive the content and structure of this budget request and support the DOC's mission. ITA's Strategic Plan outlines crosscutting activities in which ITA works closely with other government agencies to achieve desired outcomes and fulfill its lead role in international trade. ITA's strategic plan is available on-line at: <http://www.ita.doc.gov/ooms/ITAMeasures/ITAStrategicPlan.pdf>. ITA measures progress towards achieving its three goals through several key performance indicators. The measures that assess ITA-wide performance are shown in the Annual Performance Plan (Exhibit 3a). In keeping with the President's Management Agenda and the Government Performance and Results Act (GPRA), these measures serve as the primary mechanism for holding ITA accountable for achieving its stated goals. ITA is again submitting a budget request that is integrated with its planning and performance management processes and illustrates how resources are distributed among our three primary strategic goals. This is just one way in which ITA is actively pursuing the President's Management Agenda.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

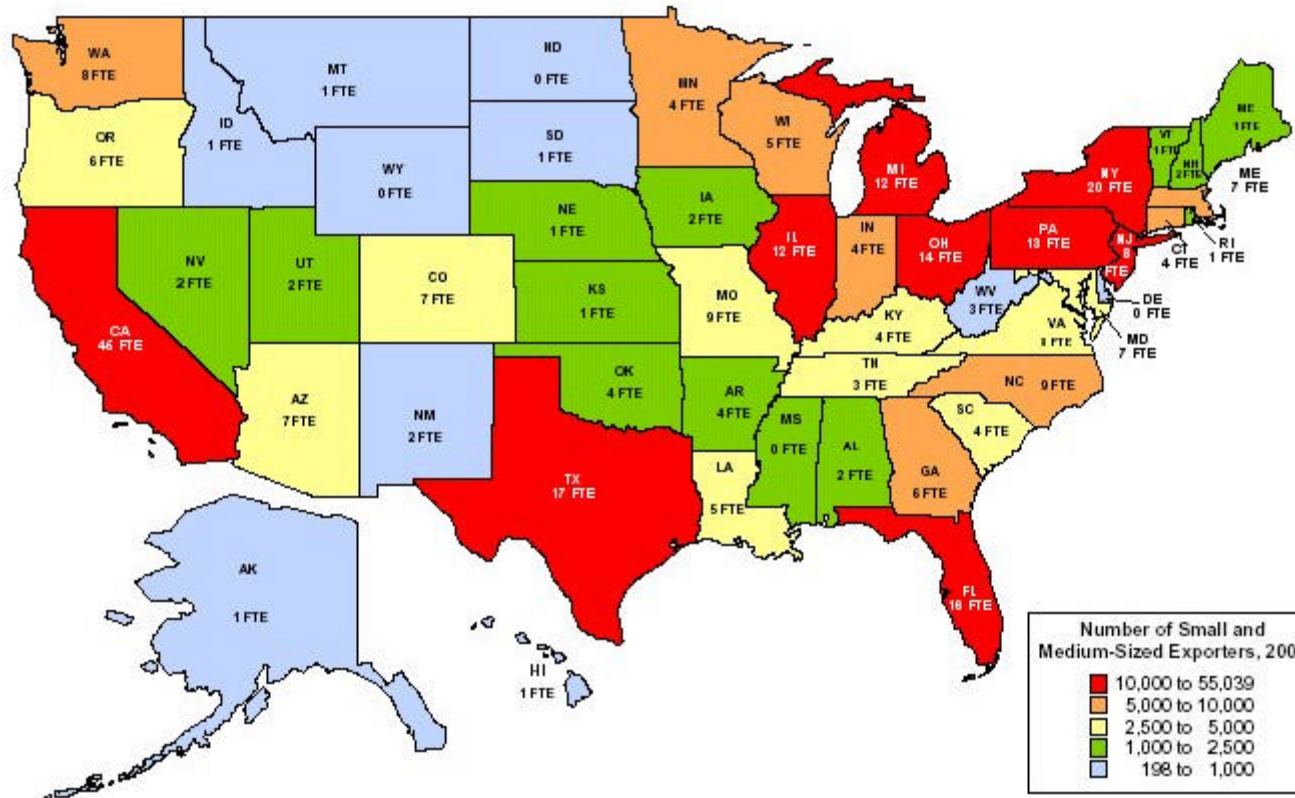
ORGANIZATION STRUCTURE



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

SEVENTEEN STATES EACH HAVE MORE THAN 5,000 SMEs EXPORTERS

Number Of Small And Medium-Sized Enterprises (SMES) Exporting Merchandise and ITA Domestic Field Staffing By State



Notes: Small and medium-sized enterprises (SMEs) have fewer than 500 employees. A total of 230,736 SMEs firms exported merchandise from the U.S. in 2001. Firms sometimes export from more than one state location and therefore state totals cannot be summed to arrive at a U.S. total. Each state is labeled with the number of ITA's Full Time Equivalent (FTE) domestic field staff located in that state as of Sept 30, 2004. Not included are administrative staff, headquarters staff stationed in the field, and Personal Service Contractors (PSC). Also not included is Puerto Rico, which employs 1 FTE. Source: U.S. Department of Commerce, Exporter Data Base.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

ITA OVERSEAS OFFICES

As of September 30, 2004

Country	City	Country	City	Country	City
Algeria	Algiers	Denmark	Copenhagen	India	Hyderabad
Argentina	Buenos Aires	Dominican Republic	Santo Domingo	India	Mumbai
Australia	Brisbane	Ecuador	Guayaquil	India	New Delhi
Australia	Melbourne	Ecuador	Quito	Indonesia	Jakarta
Australia	Sydney	Egypt	Alexandria	Iraq	Baghdad
Austria	Vienna	Egypt	Cairo	Ireland	Dublin
Barbados	Bridgetown	El Salvador	San Salvador	Israel	Jerusalem
Belgium	Brussels	Finland	Helsinki	Israel	Tel Aviv
Belgium	USEU	France	Bordeaux	Italy	Florence
Brazil	Belo Horizonte	France	Lyon	Italy	Genoa
Brazil	Brasilia	France	Marseilles	Italy	Milan
Brazil	Porto Allegre	France	OECD	Italy	Naples
Brazil	Rio de Janeiro	France	Paris	Italy	Rome
Brazil	Sao Paulo	France	Strasbourg	Jamaica	Kingston
Bulgaria	Sofia	France	Toulouse	Japan	Fukuoka
Canada	Calgary	Germany	Berlin	Japan	Nagoya
Canada	Halifax	Germany	Bonn	Japan	Osaka-Kobe
Canada	Montreal	Germany	Dusseldorf	Japan	Sapporo
Canada	Ottawa	Germany	Frankfurt	Japan	Tokyo
Canada	Toronto	Germany	Hamburg	Jordan	Amman
Canada	Vancouver	Germany	Leipzig	Kazakhstan	Almaty
Chile	Santiago	Germany	Munich	Kenya	Nairobi
China	Beijing	Ghana	Accra	Korea	Seoul
China	Chengdu	Greece	Athens	Kuwait	Kuwait City
China	Guangzhou	Guatemala	Guatemala City	Latvia	Riga
China	Shanghai	Haiti	Port-Au-Prince	Lebanon	Beirut
China	Shenyang	Honduras	Tegucigalpa	Luxembourg	Luxembourg City
Colombia	Bogotá	Hungary	Budapest	Malaysia	Kuala Lumpur
Costa Rica	San Jose	India	Ahmedabad	Mexico	Guadalajara
Cote d'Ivoire	Abidjan	India	Bangalore	Mexico	Mexico City
Croatia	Zagreb	India	Calcutta	Mexico	Monterrey
Czech Republic	Prague	India	Chennai	Mexico	Tijuana

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

ITA OVERSEAS OFFICES

As of September 30, 2004

Country	City	Country	City
Morocco	Casablanca	South Africa	Durban
Morocco	Rabat	South Africa	Johannesburg
Netherlands	Amsterdam	Spain	Barcelona
Netherlands	The Hague	Spain	Madrid
New Zealand	Auckland	Sweden	Stockholm
New Zealand	Wellington	Switzerland	Bern
Nigeria	Lagos	Switzerland	Geneva
Norway	Oslo	Switzerland	Zurich
Pakistan	Islamabad	Taiwan	Kaoshiung
Pakistan	Karachi	Taiwan	Taipei
Pakistan	Lahore	Thailand	Bangkok
Panama	Panama City	Trinidad/Tobago	Port of Spain
Peru	Lima	Tunisia	African Dev. Bank
Philippines	ADB	Turkey	Ankara
Philippines	Manila	Turkey	Istanbul
Poland	Warsaw	Turkey	Izmir
Portugal	Lisbon	UAE	Abu Dhabi
Portugal	Oporto	UAE	Dubai
Romania	Bucharest	UK (Ireland, N.)	Belfast
Russia	Moscow	Ukraine	Kiev
Russia	St. Petersburg	United Kingdom	EBRD
Russia	Vladivostok	United Kingdom	London
Russia	Yekaterinburg	Uruguay	Montevideo
SAR	Hong Kong	Uzbekistan	Tashkent
Saudi Arabia	Dhahran	Venezuela	Caracas
Saudi Arabia	Jeddah	Vietnam	Hanoi
Saudi Arabia	Riyadh	Vietnam	Ho Chi Minh City
Senegal	Dakar		
Serbia and Montenegro	Belgrade		
Singapore	Singapore		
Slovak Republic	Bratislava		
South Africa	Cape Town		

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

GEOGRAPHIC DISTRIBUTION OF ITA'S COMPLIANCE FTE

These tables show the distribution, by geographic location, of FY2004 expenditures and FTE in ITA that have been devoted to the compliance function.

		China¹	Japan	South Korea	EU/Western Europe	Africa	Western Hemisphere	Other²	HQ/Domestic Operations	TOTAL
MAC	\$ (K)	1,702	1,469	0	1,933	821	1,958	5,601	6,481	19,965
	FTE	14.9	23.1	0.0	16.4	8.0	9.7	50.4	48.2	170.8
IA	\$ (K)	6,997	1,742	2,000	5,236	304	3,494	2,473	15,368	37,614
	FTE	74.0	18.0	21.0	56.0	3.0	37.0	26.0	113.0	348.0
USFCS	\$ (K)	3,139	3,151	827	5,979	819	3,681	6,069	5,636	29,302
	FTE	6.8	5.2	2.8	9.8	1.8	8.7	13.2	30.4	78.8
MAS	\$ (K)	0	0	0	0	0	0	0	3,793	3,793
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46.3	46.3
ITA Total	\$ (K)	11,838	6,362	2,827	13,147	1,944	9,133	14,144	31,278	90,673
	FTE	95.7	46.3	23.8	82.2	12.8	55.4	89.6	238.0	643.9

¹ The significant increase in compliance FTE rate for IA in China is due to the inclusion of hours worked on China compliance issues by all personnel, not just those personnel who are stationed in China.

² "Other" refers to remaining countries in Asia, Middle East and Eastern Europe.

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

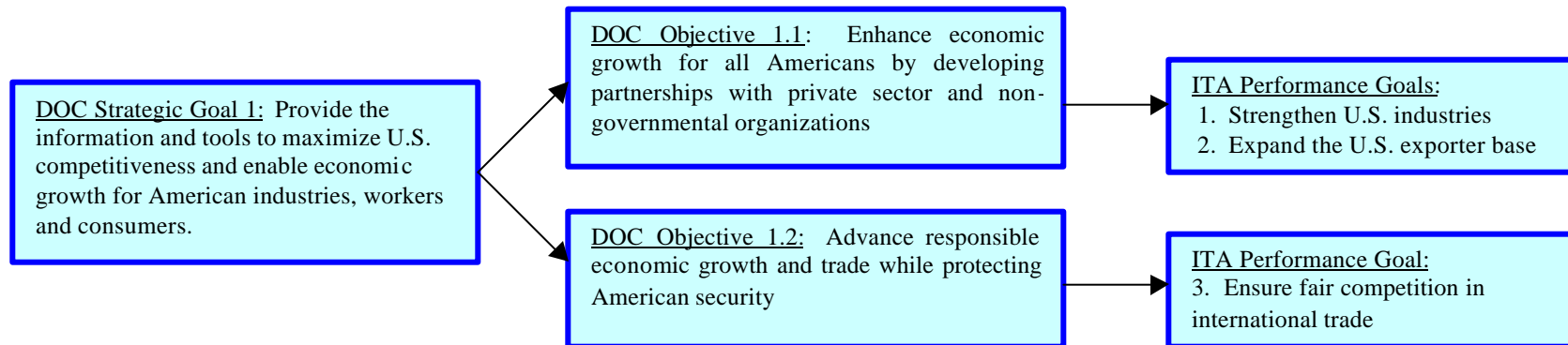
Exhibit 3a

FY 2006 ANNUAL PERFORMANCE PLAN

**International Trade Administration
Mission Statement**

To create economic opportunity for U.S. workers and firms by promoting international trade, opening foreign markets, ensuring compliance with our trade laws and agreements, and supporting U.S. commercial interests at home and abroad.

The International Trade Administration (ITA) is committed to free and fair trade by opening foreign markets through negotiations, assessing domestic and international competitiveness, promoting trade, delivering export assistance, and ensuring fair competition and compliance with international trade agreements. ITA supports the Department of Commerce's mission of creating the conditions for economic growth and opportunity by offering a variety of products and services to the U.S. exporting community. ITA's three performance goals directly tie to the Department's strategic goal and objectives. The relationship between the Department's goal and objectives and ITA's performance goals is depicted below:



In FY 2004, ITA's mission and operations were restructured to meet the demands of ITA's customers in the 21st century. Today, U.S. businesses operate in a dynamic global environment, which not only creates great opportunity, but also presents significant challenges. The President and the Secretary of Commerce look to ITA to take the lead on many critical issues of national importance. First, ITA has moved aggressively to help the Nation's manufacturers and, in 2004,

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

established the Manufacturing and Services program. American manufacturers are a cornerstone of the American economy and enhance U.S. competitiveness while improving lives domestically and internationally. The United States is the world's leading producer of manufactured goods. Standing alone, the U.S. manufacturing sector would represent the fifth-largest economy in the world – larger than China's economy as a whole. ITA assess and tracks industry structure, operations and technology developments and advises the Secretary of Commerce and the Congress on the health of U.S. manufacturing industries, including domestic barriers resulting from governmental regulatory policies. Through analysis of both domestic and international competitiveness, ITA shapes U.S. trade policy to advance U.S. industry's interests in the global marketplace and pursues foreign governments to eliminate trade practices that distort markets for goods, capital and labor. ITA is working with U.S. industry to make inroads to major purchasers for second-tier suppliers including an outreach and matchmaking effort to potential purchasers along the U.S.-Mexico border.



“Millions of American jobs are supported by exports. That's a fact. One in five factory jobs in this country directly depend on trade. The surest way to threaten those jobs is a policy of economic isolation. The surest way to add more jobs is a confident policy, a confident economic policy that trades with the world.”

President Talks Jobs/Trade at Women's Entrepreneurship Forum
Remarks by the President at the Women's Entrepreneurship in the 21st Century Forum
Cleveland Convention Center
Cleveland, Ohio March 10, 2004

Secondly, the ITA's CS has been consolidated and modernized enabling export promotion efforts to deliver better products and services to business clients. The CS places primary emphasis on the promotion of goods and services from the United States, particularly by SMEs, and on the protection of U.S. business interests abroad. Currently, one in ten U.S. jobs depend on exports.³ U.S. CS employees work to expand the number of U.S. companies that export and the number of companies that export to more than one country. They provide high-quality services and customized solutions through a unique global network of knowledgeable trade professionals located in over 250 offices domestically and internationally. Special help is also extended to provide export assistance to rural companies and minority/women-owned firms. Additionally, the CS operates the TIC that provides a single point of customer contact to all U.S. government export assistance programs; runs the AC that supports U.S. companies bidding on major foreign contracts; and plans and coordinates U.S. Government export promotion and assistance programs through the Trade Promotion Coordinating Committee (TPCC). As the Chinese market presents unique challenges to U.S. exporters, CS staff utilizes culturally sensitive approaches to gather trade opportunities, conduct market research, and search for Chinese partner contacts. The information gathered is made available to export.gov clients.

The third critical component of ITA addresses the concern of ensuring fair trade. ITA advances trade compliance and market access outreach through its Trade Compliance Center (TCC), which works to monitor foreign countries' compliance with trade agreement obligations, addresses compliance violations promptly, and increases awareness among U.S. exporters of the rights created by these trade agreements. The Market Access and Compliance's (MAC) Investigations and

³ November 2002 White House press release on Trade Promotion Authority.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Compliance program takes new and proactive measures to ensure that our trading partners honor their commitments. Staffed with experts in intellectual property rights, investigations, and intelligence, this office works closely with the USTR and the USPTO to investigate and resolve violations of U.S. negotiated trade agreements.

The Import Administration (IA) program, which enforces U.S. trade laws, is working extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. Appropriate actions are taken when violations have been identified. IA's Unfair Trade Practices Team tracks, detects and confronts unfair competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions. IA was able to focus and sharpen expertise on China by creating a China Compliance office that devotes more resources to China and cases and issues unique to non-market economies, such as intellectual property rights violations affecting the U.S. textile industry.

The productivity of American workers is unrivaled, yet their competitiveness can be compromised by unnatural and government imposed restraints on free and open markets. President Bush has consistently declared that free trade cannot be a one-way street. ITA is mindful of the dramatic impact of inequitable trade practices, and has marshaled all the resources at its disposal to level the playing field.

Priorities/Management Challenges

- **Manufacturing in America** –The Manufacturing in America Report, published in January 2004, acknowledges that manufacturing is vital to the Nation's economy, recognizes the unprecedented challenges to U.S. global leadership, and recommends reforms to strengthen manufacturing competitiveness. ITA is implementing the recommendations made in the Manufacturing in America Report and is fostering an environment in which U.S. firms can compete and succeed in manufacturing.
- **Global Supply Chain Initiative** – U.S. manufacturers identified a need for access to global supply chains that would take U.S. goods into the internal stream of commerce. ITA, in conjunction with the Trade Promotion Coordinating Committee (TPCC), has been tasked to develop and implement a joint, public-private global supply chain initiative to promote access for U.S. SMEs manufacturers. ITA is working with U.S. industry to make inroads to major purchasers for second-tier suppliers including an outreach and matchmaking effort to potential purchasers along the U.S.-Mexico border.
- **Standards Initiative** – Divergent standards, redundant testing and compliance procedures, and unilateral and non-transparent standard-setting processes are now recognized as major impediments for U.S. companies to free trade. It is estimated that standard issues affect 80 percent of global commodity trade. Standards issues impact SMEs particularly hard, as the costs to adjust product specifications to meet unique foreign standards often keep companies from pursuing additional new export markets and to remain cost competitive when forced to add unnecessary costs for duplicative testing. ITA will focus on trade-related standards issues, allowing the organization to support U.S. industry's desire for more analysis of emerging overseas standards issues and their effect on U.S. companies' competitiveness.
- **Trade Relationship with China** – U.S. exports have accelerated substantially, growing 15 percent in 2002 and 29 percent in 2003 and 37 percent in the first half of 2004. China is now America's fourth largest export market, after the U.K. Currently, there are almost 13,000 U.S. small and medium-sized businesses (SMEs) that export to China. Nevertheless, trade with China continues to present a number of challenges for U.S. companies. Until World Trade Organization (WTO) accession is completed in 2017, aspects of the Chinese economy are still organized under principles that are inconsistent with the WTO rules, and, since it is a non-market economy, these issues impact our trading relationship. ITA, in close coordination with USTR and other agencies, has adopted an aggressive and multi-pronged approach to ensure that China honors its WTO commitments and that U.S. companies benefit from these opportunities. Additionally, IA is

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

focusing and sharpening expertise in China by creating a China Compliance office that devotes more resources to China and cases/issues unique to non-market economies.

- **Improved Enforcement of U.S. Trade Laws and Agreements** – ITA has built an Investigation and Compliance Unit to take new and proactive measures to ensure that our trading partners honor their commitments. ITA is analyzing market trends and foreign practices to identify potential unfair trade problems at the earliest stage possible. ITA's Unfair Trade Practices Team is monitoring economic data from global competitors and vigorously investigates evidence of unfair subsidization and production distortions.
- **Expanding Global Intellectual Property Rights (IPR) Enforcement** – IPR protection leads to improvements in productivity, and helps trigger new ideas and pushes inventors to improve existing technologies. IPR protection is an essential component of an economic foundation. To bolster existing efforts, ITA is focusing resources to enforce U.S. negotiated trade agreements, uphold the U.S. Strategy Targeting Organized Piracy (STOP) and combat violators of IPR around the world. ITA will pursue perpetrators along the entire chain, including manufacturers and importers, and will exert pressure on countries where problems are found. ITA will work with U.S. industry and coordinate with other U.S. agencies, including the USPTO and the U.S. Food and Drug Administration (FDA), to investigate allegations of piracy and to help resolve market access and trade compliance cases.
- **Data Support for Trade Negotiations and Agreements** -- In today's world, negotiating, implementing, enforcing, and justifying trade agreements is complex. ITA will continue to provide the ability to analyze statistically and interpret ever-increasing amounts of trade data to effectively model and evaluate the U.S. position at the negotiating table. The results of these negotiations and the implementation and justification of the resulting agreements affect U.S. jobs, our balance of payments, and ultimately our quality of life and our ability to export democracy around the world.

Unit Cost Measures

ITA has identified the requirements to implement an activity- based cost accounting and management system. Implementation of this system will enable ITA to further integrate budget and performance. Once ITA is in a position to identify costs for specific activities, ITA will be able to develop new performance indicators that measure unit costs. These measures can help assess productivity and can be used to manage by results because certain activities lead to attainment of performance and results. Using unit cost measures is a best practice in the private sector and is a critical step to enhance and improve ITA's operational efficiency. Development and implementation of activity-based cost accounting will be completed by FY 2008.

Program Assessment Rating Tool Reviews (PART)

FY 2005 PART Review of the U.S. and Foreign Commercial Service (CS)

On September 8, 2003, OMB provided ITA and the DOC with the final PART score for the CS program. The final CS PART score was 56% and the results were found to be adequate. ITA continues to make progress on recommendations resulting from the CS PART. CS is implementing the following actions to improve future PART scores:

- ITA is working with the CS to arrive at more accurate annual performance targets.
- ITA is working to develop accurate cost data to show how much it costs to provide certain products and services. This will move the CS towards a consistently applied pricing and marketing strategy for its services, both domestically and abroad. The CS must also determine annual and long-term metrics that would strategically direct the program towards a percentage of fee funding.
- ITA is implementing the recommendations of the ITA User Fee Study.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

- ITA has committed to establish a system for periodic independent evaluations of sufficient scope and quality or as needed to support program improvements and evaluate effectiveness and relevance to CS problems and needs.

FY 2006 PART Review of Market Access and Compliance (MAC) and Import Administration (IA)

The Office of Management and Budget has identified two ITA PART Reviews that will be conducted in ITA during FY 2005 for submission to OMB during the FY 2007 President's Budget cycle. A PART review will be completed on the MAC program and a PART review will be completed on the IA program.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Target and Performance Summary

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target
Performance Goal 1: Strengthen U.S. Industries							
1a. Assessment of the trade and economic analysis process ⁴	N/A	N/A	N/A	New	New	70	70
1b. Customer perception of ease of access to export and trade information and data	N/A	N/A	74	74	74 to 76	74 to 76	74 to 76

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target
Performance Goal 2: Expand the U.S. Exporter Base							
2a. Percentage of undertaken advocacy actions completed successfully	New	11.8%	10%	13%	12% to 15%	12% to 15%	12% to 15%
2b. Number of U.S. exporters entering a new market—long-term measure	5,386	5,740	6,278	4,759	4,760 to 5,500	4,760 to 5,500	Total 31,600 ⁵ (Footnote 5)
2c. Number of U.S. firms exporting for the first time—long-term measure	742	699	896	704	700 to 850	700 to 850	Total 4,400 (Footnote 5)
2d. Number of export transactions made as a result of ITA involvement—long-term measure	11,160	12,178	14,090	11,382	11,385 to 13,500	11,385 to 13,500	Total 71,500 (Footnote 5)
2e. Percentage of CS fee funded programs—long-term measure	New	New	New	1%	2%	3%	3%

⁴ The process of developing trade and economic analyses is a capability critical to ITA's mission. Demand for this capability will continue to expand as ITA must develop even greater analytic capacity to conduct domestic and international competitiveness. It represents both a current and future ITA and DOC priority.

⁵ These are long term targets established after the CS completed a PART review. These targets represent a cumulative total of prior year fiscal actuals and current and budget year targets from FY 2001 through FY 2006.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target
Performance Goal 3: Ensure Fair Competition in International Trade							
3a. Percentage of AD/CVD cases completed on time	New	100%	100%	100%	100%	100%	100%
3b. Number of market access and compliance cases initiated	New	253	144	161	160 to 170	150 to 160	150 to 160
3c. Number of market access and compliance cases concluded	New	New	158 ⁶	116	75 to 85	80 to 90	80 to 90

**Resource Requirements Summary
(Dollars in Millions)**

	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Base	Increase/ Decrease	FY 2006 Request
Performance Goal 1: Strengthen U.S. Industries								
Manufacturing and Services	\$66.5	\$69.2	\$69.9	\$52.3	\$58.3 ⁷	\$48.1	-\$0.7	\$47.4
Executive Direction/Administration	\$1.7	\$1.9	\$2.8	\$3.7	\$4.7	\$4.8	\$0	\$4.8
Total Funding	\$68.2	\$71.1	\$72.7	\$56.0	\$63.0	\$52.9	-\$0.7	\$52.2
Direct	\$66.1	\$69.8	\$70.6	\$54.3	\$61.6	\$51.5	-\$0.7	\$50.8
Reimbursable	\$2.1	\$1.3	\$2.1	\$1.7	\$1.4	\$1.4	\$0	\$1.4
IT Funding	\$4.6	\$4.4	\$4.0	\$4.0	\$4.2	\$4.3	\$0	\$4.3
FTE	382	391	402	287	309	309	0	309

⁶ In FY 2003 the number of cases concluded exceeded the number of cases initiated because the program solved simple cases first.

⁷ Includes \$9.9 M one-time funding for Travel and Tourism Board.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Performance Goal 2: Expand the U.S. Exporter Base								
	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Base	Increase/ Decrease	FY 2006 Request
Commercial Service	\$208.6	\$208.6	\$212.9	\$232.4	\$236.5	241.2	\$0	\$241.2
Executive Direction/Administration	\$8.4	\$9.1	\$13.5	\$16.3	\$21.0	\$21.1	\$0	\$21.1
Total Funding	\$217.0	\$217.7	\$226.4	\$248.7	\$257.5	\$262.3	\$0	\$262.3
Direct	\$204.1	\$208.4	\$217.5	\$239.8	\$230.9	\$235.7	\$0	\$235.7
Reimbursable	\$12.9	\$9.3	\$8.9	\$8.9	\$26.6	\$26.6	\$0	\$26.6
IT Funding	\$16.4	\$14.6	\$12.5	\$17.4	\$18.2	\$18.4	\$0	\$18.4
FTE	1,361	1,290	1,273	1,352	1,521	1,521	0	1,521

Performance Goal 3: Ensure Fair Competition in International Trade								
Market Access and Compliance	\$29.5	\$37.9	\$42.2	\$33.4	\$48.1	\$39.8	\$0	\$39.8
Import Administration	\$38.7	\$45.6	\$45.4	\$69.2	\$61.7	\$62.1	\$0	\$62.1
Executive Direction/Administration	\$4.4	\$4.6	\$7.0	\$8.1	\$10.5	\$10.6	\$0	\$10.6
Total Funding	\$72.6	\$88.1	\$94.6	\$110.7	\$120.3	\$112.5	\$0	\$112.5
Direct	\$72.1	\$87.6	\$92.7	\$109.7	\$117.2	\$109.5	\$0	\$109.5
Reimbursable	\$0.5	\$0.5	\$1.9	\$1.0	\$3.1	\$3.0	\$0	\$3.0
IT Funding	\$6.2	\$6.5	\$6.0	\$7.7	\$8.1	\$8.1	\$0	\$8.1
FTE	513	574	610	602	772	772	0	772

Grand Total								
Total Funding	\$357.7	\$376.9	\$393.7	\$415.4	\$440.8	\$427.7	-\$0.7	\$427.0
Direct	\$342.2	\$365.8	\$380.9	\$403.8	\$409.8	\$396.7	-\$0.7	\$396.0
Reimbursable	\$15.5	\$11.1	\$12.8	\$11.6	\$31.0	\$31.0	\$0	\$31.0
IT Funding	\$27.2	\$25.6	\$22.5	\$29.1	\$30.5	\$30.8	\$0	\$30.8
FTE	2,256	2,255	2,285	2,242	2,602	2,602	0	2,602

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Skill Summary:

The following list describes ITA's core competencies. These skills are essential to ensure the success of ITA's new post-reorganization mission. Skill gaps and additional skills are currently being identified to ensure ITA is properly equipped with newly identified capabilities to advance its new program functions. At present, ITA requires all of the skills listed below:

- In-depth knowledge of international and domestic trade laws and regulations, economics, and commercial diplomacy;
- Understanding of foreign trade practices, trade programs and policies;
- Regulatory economic analysis;
- Research and analytical skills to help evaluate U.S. industry conditions, domestic and overseas market/industry trends, and U.S. and foreign government policies impacting U.S. businesses;
- Skills to manage the development of trade policy impacting the competitiveness of domestic industry;
- Country, regional and/or industry-sector expertise;
- Specialized knowledge and experience in export marketing, trade mechanics and promotion;
- In-depth knowledge of trade distorting practices related to production aberrations and non-tariff barriers;
- Understanding of key trade issue areas such as intellectual property rights, non-tariff trade barriers, international standards;
- Knowledge of key U.S. Government positions for country/sector specific bilateral, multilateral, and plurilateral trade negotiations;
- Information technology skills -- to deliver services to clients, stakeholders and oversight authorities; to identify, analyze, and manage information and information enterprise architecture; and to interface with technology to improve productivity and client service;
- Leadership skills -- to lead and manage ITA's missions and programs;
- Customer service skills -- to improve delivery of products and services to customers and, where possible, assess appropriate fees; and
- Project management skills -- to lead and manage projects and contracted work.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Performance Goal 1: Strengthen U.S. Industries

Corresponding DOC Strategic Goal and Objective:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

DOC General Goal 1/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations*

Rationale for ITA Performance Goal 1:

As the ITA reorganized in FY 2004 in accordance with P.L. 108-199, greater focus was given on the U.S. manufacturing sector. Strengthening the U.S. manufacturing sector is a top priority for the President. The FY 2005 performance goal "Increase Trade Opportunities for U.S. Firms to Advance the U.S. International Commercial and Strategic Interest" has been redrafted to reflect the expanded goal to "Strengthen U.S. Industries." This performance goal expresses ITA's work activities that support U.S. manufacturers and service sectors.

The Manufacturing and Services (MAS) program in ITA is dedicated to strengthening the global competitiveness of U.S. industry, expanding its market access and increasing exports with a special focus on U.S. manufacturers. MAS has undertaken steps to foster an environment where U.S. industries can compete in the global markets by becoming an advocate for manufacturing in the Executive branch and coordinating efforts at all levels of government in support of manufacturing. The driving force behind these efforts is that good jobs need strong businesses. MAS consults with U.S. industry on challenges and opportunities, and combines industries' input with analysis to develop policy recommendations to promote expansion of U.S. industries exports. It sets strategic priorities for trade policy. Through analysis of trends in productivity, growth employment, and developments such as outsourcing and the importance of a global supply chain on U.S. industries' competitiveness, MAS ensures that U.S. industries priorities are represented in market access negotiations. MAS advances policies and strategies that ameliorate the negative impacts of proposed domestic rules and regulations, stimulate innovation and investment, enhance economic growth, and retain jobs in U.S. industries.



"The Bush Administration's manufacturing report recommended key pieces of legislation that are critical to ensuring that American companies succeed at home and abroad," Evans said. "The House Republican Leadership jobs legislative agenda will eliminate destructive policies so that American jobs, the manufacturing industry and the economy will grow."

*Secretary Evans Hails House Leaders Jobs Agenda
April 27, 2004*

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Measure 1a: Assessment of Trade and Economic Analysis

Explanation of Measure: ITA has identified an approach to measure the trade and economic analysis process and work activities performed by ITA employees. This measure directly ties to the work performed by ITA employees in strengthening U.S. industries. ITA employees conduct trade and economic analysis and assess the domestic and international cost competitiveness of American industry. They evaluate the impact of domestic and international economic policy on U.S. competitiveness. Specific activities within this measure include: developing, updating and maintaining data; accessing and extracting data from ITA systems; preparing analytical reports; responding to ad hoc internal and external customer inquiries; interacting and coordinating analysis within ITA and across agencies; enabling data utilization and knowledge sharing by the trade community; and developing internal data and analytical resources, tools and knowledge. The measurement framework is based on a series of surveys that will be used to assess whether ITA customers (stakeholders) believe that trade and economic analysis was performed on the "right things" done in the "right way" to achieve the "right results". The index scale will range from 0 to 100. One hundred would represent a "perfect" score. Survey data will be weighted into this 0-100 "index" scoring system.

FY 2006 Target:

Target consists of an estimated index score of 70. Data requirements and survey mechanisms to collect the data for the score will be implemented in FY 2005. ITA will begin to collect the feedback necessary to compile the actual index score. Target values may require adjustment in the FY 2007 Annual Performance Plan once baseline results for the index have been obtained.

Measure 1b: Customer Perception of Ease of Access to Export and Trade Information and Data

Explanation of Measure: ITA continues to enhance its product and service delivery to U.S. exporters. The measure assesses ITA customers' perception that export and trade information and data may be obtained via ITA web sites, database applications, export assistance centers, and other personal interactions with ITA personnel, in a timely and efficient manner. By monitoring ITA's performance in this regard, ITA hopes to increase the timeliness and efficiency of service delivery to U.S. businesses and improve the effectiveness of the provision of information and data for persons with disabilities. ITA believes that all customers should be able to obtain export and trade information and data quickly, accurately, and on first contact from courteous employees.

FY 2006 Target:

The FY 2006 target of 74 percent satisfied is based on survey data obtained from an ITA-wide survey conducted in FY 2003. ITA plans to conduct a customer satisfaction survey in FY 2005 to measure its progress in customer satisfaction. The FY 2006 target will be adjusted accordingly once the customer survey results are analyzed.

Program Evaluations:

The President has made manufacturing in America a top national priority. To help identify the challenges facing the American manufacturing sector, ITA participated in over 20 public roundtables. ITA also analyzed official data that helped gauge the health of the manufacturing sector and produced a report that provides an overview of the domestic and international environment facing American manufacturing, highlights the expressed view of manufacturers regarding the challenges they face, and advances policy recommendations to help ensure that government is creating the conditions necessary for U.S. manufacturers to maximize their competitiveness. ITA is taking steps to implement the recommendations that will strengthen and/or maintain industry's competitiveness and help American manufacturers compete and win in the 21st century.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Crosscutting Activities:

Intra-Department of Commerce

- U.S. Patent and Trademark Office--provides support to ITA during international negotiations on intellectual property rights and advises ITA on patent and trademark issues.

Other Government Agencies

- U.S. Customs and Border Protection--Customs ensures the prompt and accurate implementation of duty collection based on ITA's decisions on antidumping or countervailing duty cases.
- Federal Aviation Administration--The Federal Aviation Administration advises ITA on strategies to address foreign regulatory barriers and security standards for transportation.
- Department of State--The Department of State's economic officers assist with market research and compliance projects in countries where the CS does not maintain or has deployed minimal commercial staff.
- Trade Promotion Coordinating Committee--TPCC coordinates implementation of trade finance and trade promotion programs of the 19 TPCC member agencies.

Government/Private Sector

The President's export council, chaired by the Secretary of Commerce, advises the President on trade policy issues. Its members include 28 chief executive officers of private-sector companies, officials of other agencies (Commerce, State, Treasury, Labor, Agriculture, Small Business Administration, Export-Import Bank, and U.S. Trade Representative), and 10 Congressional representatives. The Industry Consultations Program, which consists of 22 trade advisory committees, provides a mechanism for the U.S. business community to provide input to the government on trade policy issues.

External Factors and Mitigation Strategies

All trade is subject to sharp changes in economic performance in markets around the world; changes in trade policy in foreign nations; expansion of markets just starting to open; technological advances; and large-scale, unexpected capital movement. ITA staff identifies these changes and adopt policies that continue to promote expanding overseas markets for U.S. firms and workers.

ITA will analyze the impact of other nations' trade policies on U.S. firms. The passage of Trade Promotion Authority offered new challenges and opportunities for the United States to open foreign markets. ITA will focus on Free Trade Agreements and the World Trade Organization, a labor-intensive component of the U.S. negotiating agenda. ITA will provide complex industry and economic analysis, conduct and support the negotiations and measure the impact of the trade agreements. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations, and help shape regulations and standards that facilitate business and improve the quality of life.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Performance Goal 2: Expand the U.S. Exporter Base

Corresponding DOC Strategic Goal:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

DOC General Goal 1/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and non governmental organizations*

Rationale for ITA Performance Goal 2:

The health of the American economy depends on the America's small and medium-sized enterprises (SMEs). The CS program's mandate is to create an environment in which all U.S. firms, including SMEs, can flourish. In order to achieve this, the CS seeks to increase export opportunity awareness among U.S. companies by identifying potential exporters who need assistance, leveraging electronic and traditional media, centralizing relationships with customers, and developing alliances and partnerships to deliver export assistance. The CS operates a TIC that provides a single point of customer contact for all government export promotion programs; runs the AC that supports U.S. companies bidding on major foreign contracts; and coordinates U.S. Government export promotion and assistance programs through the TPCC. ITA's unique global network of trade professionals located in over 250 offices covering 80 countries and 47 states, plus Puerto Rico, capitalizes on high export areas identified by trade patterns and facilitates aggressive outreach to traditionally under-served rural and minority communities.

The CS helps U.S. companies take advantage of world market conditions to find new buyers around the world. A growing list of free trade agreements provides price and market access benefits. ITA offers four ways to help U.S. firms grow international sales by 1) providing world-class market research, 2) organizing trade events that promote product or service to qualified overseas buyers, 3) arranging introduction to qualified buyers and distributors, and 4) offering counseling through every step of the export process.



On April 8, the Kentucky Export Assistance Centers and Kentucky District Export Council (DEC) hosted the third in their continuing series of "Business Leadership Forums on International Trade Policy" featuring face-to-face dialogues between local businesses and Kentucky Congressional Representatives. Louisville USEAC Director John Autin joined Congressional Representative Ron Lewis in presenting an Export Achievement Certificate to Trace Die Cast, Inc., a USEAC client, which was founded in 1988, but moved decisively into exporting just 30 months ago. Trace is now selling to Canada, Mexico, the United Kingdom and Brazil, with exports totaling more than \$10 million.

Photo (L to R): Lowell Guthrie, Founder and CEO of Trace Die Cast Company; John Autin, Director/ Louisville USEAC; Congressional Representative Ron Lewis (Kentucky - 2nd District)

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Program Increases/Decreases:

Measure 2a: Percentage of Undertaken Advocacy Actions Completed Successfully

Explanation of Measure:

This performance measure captures information about the effectiveness of the CS' advocacy efforts by measuring the percentage of successful advocacy awards made to U.S. firms or interests during a fiscal year. ITA's AC helps U.S. exporters win foreign government procurement contracts, and each contract creates and retains U.S. jobs over the life of each successful advocacy project. Many of these projects provide secondary suppliers with contracts. These suppliers are frequently SMEs. The AC advances trade promotion and deal making to support three basic U.S. firm needs: (1) access to new markets, (2) entry to markets, and (3) expansion of export activities.

FY 2006 Target

Based on historical data trends, the FY 2006 target will remain 12% to 15% range.

Measure 2b: Number of U.S. Exporters Entering a New Market—Long-Term Measure

FY 2005 Target:

The target has been adjusted from a 6,200 to 6,300 range to 4,760 to 5,500 range reflecting current U.S. export trends attributable to uncertainties associated with global conditions and exporter expectations.

Explanation of Measure: This performance measure helps to assess the CS' success bringing in U.S. exporters who have exported into a new overseas market. It measures the CS' effectiveness in promoting trade. The CS records and reports on the number of U.S. exporters entering new markets that transact actual verifiable export sales, which include: shipment of goods or delivery of services; signing of legally binding agreements, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; and signing of contracts with future sales expected for the first time.

FY 2006 Target:

The FY 2006 target is set from a 4,760 to 5,500 range of U.S. exporters entering a new market. This target predicts that the CS will help 31,600 total U.S. exporters entering a new market over a period of six years, 2001 through 2006.

Measure 2c: Number of U.S. Firms Exporting for the First Time—Long-term Measure

Explanation of Measure: The CS focuses on SMEs that are export-ready. Export-ready firms are those with competitive products or services and are firms that already possess a level of financial and managerial strength that should enable them to export. The CS will record and report on the number of U.S. firms exporting for the first time that transact an actual verifiable export sale, which includes: shipment of goods or delivery of services; signing of a legally binding agreement, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; or signing of a contract with future sales expected for the first time.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

FY 2005 Target:

The annual target is adjusted from an 851 to 941 range to a 700 to 850 range as a more realistic range for reaching a long-term goal.

FY 2006 Target:

The FY 2006 target is set from 700 to 850 of U.S. firms exporting for the first time. This target will help the CS meet a long-term goal of 4,400 U.S. firms to begin exporting over a period of six years (from 2001 to 2007) from a baseline of 400,000 SMEs that currently do not export.

Measure 2d: Number of Export Transactions made as a Result of ITA Involvement—Long-term Measure

Explanation of Measure: This is a performance measure that captures information on the number of export transactions executed by U.S. firms that resulted directly from CS' counseling, matchmaking, research, information products, or other export promotion activities. An export transaction occurs when the CS: facilitates an actual verifiable export sale, a shipment of goods or delivery of services; helps a client identify and sign with an agent or distributor or sign a contract that ensures the expectation of future sales, where there is a direct link between the assistance provided and the resulting outcome; and helps a U.S. firm avoid harm or loss, for example, by helping it obtain payment or resolve some other kind of trade dispute.

FY 2005 Target:

Target has been adjusted from a 13,000 to 15,000 range to an 11,385 to 13,500 range. The range reflects the impact of budgetary rescissions and the expected impact of higher prices of products and services.

FY 2006 Target:

The FY 2006 target is set at 11,385 to 13,500 range of export transactions made as a result of CS involvement.

Measure 2e: Percentage of CS Fee Funded Programs—Long-term Measure

Explanation of Measure: In the FY 2005 Budget Year (BY), ITA undertook a PART review of the CS. As a result of the review, ITA has developed a long-term measure to capture information on the CS' fee funding progress. ITA has determined that by 2007, three percent of the CS programs will be fee funded. ITA has undertaken an extensive effort to collect and supplement base program operations by revenues obtained from fees. ITA anticipates collecting \$13 Million in fees during FY 2006.

FY 2006 Target:

The FY 2006 target is set at three percent.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Program Evaluations:

One of the inspections conducted in FY 2004 by the Office of Inspector General (OIG) was of the Philadelphia USEAC Network in February 2004. The review focused on management oversight, as well as the programmatic and financial operations of the USEACs that were part of the Philadelphia network during fiscal year 2003. OIG was pleased to report that the USEACs appear to be doing a good job of providing export assistance to U.S. companies and collaborating with federal, state and local trade partners to leverage trade resources. Recommendations such as enhanced controls for the verification of performance data to strengthen the management and operations of the Philadelphia USEAC Network have been reviewed and are being implemented.

Cross-cutting Activities:

Intra-Department of Commerce

- Office of General Counsel--to work together on guidance for interpreting existing agreements, defining the rights of U.S. firms and workers under U.S. and international trade law, and in negotiations for proposed FTA's and for future bilateral or multilateral agreements.

Other Government Agencies

- Small Business Administration, Export-Import Bank, State and Local Government Agencies, and Local Chambers of Commerce--to share clients and provide complementary counseling services.
- Department of Energy, Department of Transportation, and Department of Education--to provide industry expertise for ITA trade events.
- Department of Defense and U.S. Air Force--The U.S. Air Force provides industry expertise for ITA trade events involving aircraft sales (for example, the Paris Air Show).
- Department of State--the Department of State's economic officers assist with market research projects in countries where the CS does not maintain staff.
- Department of Health and Human Services--ITA works closely with HHS on helping U.S. manufacturers lower health care costs.
- Department of Labor--ITA works with the Department of Labor on worker training and employment.
- Environmental Protection Agency--ITA works with the Agency to lower burden of regulations on the U.S. industry.
- Department of Agriculture --The Department of Agriculture provides grant assistance for CS export counseling in rural areas.
- Bureau of Indian Affairs in the Department of the Interior--The Bureau of Indian Affairs provides industry expertise for ITA tourism development efforts.
- Trade Promotion Coordinating Committee--TPCC coordinates the implementation of trade finance and trade promotion programs of the 19 TPCC-member agencies.

Government/Private Sector

District Export Councils (DECs)-- DECs are councils of leaders from the local business community, appointed by the Secretary of Commerce, whose knowledge of international business provides a source of professional advice and support for local firms and the local ITA export assistance centers. Currently there are 57 DECs composed of more than 1,500 members. DEC members provide experienced professional advice and guidance to exporting firms.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

External Factors and Mitigation Strategies:

ITA's success in achieving this goal depends upon domestic and international economic conditions. Economic shocks in foreign markets, and exchange rate fluctuations, can affect U.S. exports and demand for U.S. products. Availability of resources for new initiatives is subject to Congressional approval. The cooperation of other TPCC-member agencies affects the level of services provided to SMEs.

ITA has developed and is utilizing Internet web services to assist exporters. For example, Export.gov and BuyUSA.com are sites that enable SMEs to have low-cost access to online information on overseas markets. Web based export services available through the U.S. Government serve as one approach as one approach to minimize external factors. ITA's commercial officers stationed in over 250 offices throughout the United States and in 80 countries, provide key information to the U.S. business community on best prospects for U.S. exporters in various countries. Through domestic offices located in 47 states, plus Puerto Rico, ITA trade specialists work directly with U.S. businesses to tailor innovative solutions to their market and exporting needs. ITA partners with state commerce departments and economic development agencies to ensure that American exporters receive the best services and support that both federal agencies and states have to offer.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Performance Goal 3: Ensure Fair Competition in International Trade

Corresponding DOC Strategic Goal:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

DOC General Goal 1/Objective 1.2: *Advance responsible economic growth and trade while protecting American Security.*

Rationale for ITA Performance Goal 3:

U.S. industries are entitled to the benefits of trade agreements negotiated by the United States. They are also entitled to the aggressive investigation of unfair trade practices that undercut those agreements. Two program units in ITA, IA and MAC, are committed to ensuring that the U.S. firms receive those benefits and obtain prompt relief from unfair trade practices.

IA identifies and monitors import surges created by imports that are sold in the United States at less than fair market value, foreign governments subsidy practices, and other harmful import trends. It defends American industry against injurious trade practices by administering the antidumping (AD) and countervailing duty (CVD) laws of the United States. IA expedites investigations when warranted by import surges and foreign subsidy practices, defends unfair trade practices before the World Trade Organization, and coordinates the Department of Commerce's role in the Administration's steel strategy. IA's Unfair Trade Practices Team confronts unfair foreign competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions. IA's China Compliance office devotes more resources to China cases and issues unique to non-market economies (NME), such as intellectual property rights violations affecting the U.S. textile industry.

MAC tracks crucial market access and compliance problems to ensure timely engagement and resolution. Cases are classified as information requests, compliance (violation of a multilateral or bilateral trade agreement), noncompliance market access (market barriers other than compliance problems preventing or limiting a U.S. firm or industry from market entry or expansion), or commercial disputes (a U.S. company encountering problems with an existing transaction or venture). MAC's Investigations and Compliance unit takes new and proactive measures to ensure that our trading partners honor their commitments. Staffed with experts in intellectual property rights, investigations, and intelligence, this office works closely with the USTR and the USPTO to investigate and resolve violations of market-distorting practices.



“The tool that we have to press China to reform its labor standards is the designation of China as a market economy under the U.S. trade laws. As Secretary of Commerce, I’m charged with determining whether or not China meets the definition of a market economy. We all know that obtaining market economy status is a high priority for the Chinese leadership. Without this status, China is subject to more antidumping cases with higher duties on their imports.”

Statement from Commerce Secretary Donald I. Evans on America's economic relationship with China, April 28, 2004

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Measure 3a: Percentage of AD/CVD Cases Completed on Time

Explanation of Measure: The percentage of AD/CVD cases completed on time is a reflection of the vigilance of IA staff to complete its casework within the statutory timeframe. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests. The stated target reflects management's prioritization of adherence to statutory requirements. ITA must always complete these cases within the limits set forth in law.

Domestic products covered by these AD/CVD investigations and reviews are critical to U.S. industries. The timely completion of these cases may have a direct correlation with the ability of petitioning U.S. firms to remain viable when a firm may be subjected to unfair trading practices. Ensuring expedient completion of cases offers firms the best timeframe for determining if they are being injured by an unfair trading practice.

FY 2006 TARGET

The FY 2006 target of 100 percent is based on the data maintained by IA. The planned target reflects the percentage of antidumping/countervailing duty cases to be completed by the unit.

Measure 3b: Number of Market Access and Compliance Cases Initiated

Explanation of Measure: ITA faces new demands as the international trade environment changes from year to year: new barriers are erected, the role of international organizations and alliances change and other foreign regulatory measures are implemented that impact U.S. exports. This performance measure assesses the extent of ITA's efforts to monitor trade agreements, identify and initiate market access and compliance cases on behalf of U.S. businesses, and work to their resolution. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports, which are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers.

FY 2006 TARGET

The FY 2006 target of 150 to 160 cases initiated is based on the actual number of cases initiated during FY 2004. FY 2004 performance trends point toward a lower number of case initiations by FY 2006 as the number of complaints filed by U.S. businesses encountering access problems to export markets has declined. ITA maintained a range of 160 to 170 cases for FY 2005, but believe case numbers will begin to decrease by FY 2006. ITA is taking steps to develop more effective outreach mechanisms to ensure U.S. businesses are aware of trade compliance support services. It is important to note that the complexity of cases has increased requiring more time to evaluate each case before action can take place.

Measure 3c: Number of Market Access and Compliance Cases Concluded

Explanation of Measure: This performance measure addresses ITA's efforts in obtaining market access for U.S. exporters and achieve foreign government compliance with trade agreements. The number of market access and compliance cases concluded is based on a number of cases processed by ITA where no further action by ITA is warranted—the case is successfully resolved; the complaint was groundless, i.e., no violation; industry decides not to pursue the complaint; the case

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

is referred to USTR for consideration for formal dispute settlement resolution; or the problem cannot be resolved despite ITA efforts. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports that are not covered by trade agreements. Compliance cases arise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement specific terms in trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers.

FY 2006 TARGET

The FY 2006 target of 80 to 90 cases concluded is based on the actual number of cases concluded during FY 2004. FY 2004 performance trends point toward a lower activity by FY 2006 as targets are affected by the number of complaints filed by U.S. businesses encountering access problems to export markets. The complexities of cases will have increased by FY 2006, requiring more time before a case can be concluded because actions to conclude remaining cases will be impacted by many external factors including foreign policy implications and ability to work with other governments. These factors are predicted to impede progress of concluding some cases and the timeframes are drawn out.

Program Evaluations:

In FY 2004, the General Accounting Office initiated a review of administrative procedures, policy, and outcomes related to specific U.S. trade remedy actions used to protect domestic producers against injurious increases or surges of Chinese imports. Once the study is completed, ITA will review findings and take appropriate actions.

Crosscutting Activities:

Intra-Department of Commerce

- Office of General Counsel--to work together on guidance for interpreting existing agreements.

Other Government Agencies

- United States Trade Representative—ITA works with the USTR to develop strategies for solving market access disputes and in major trade negotiations.
- International Trade Commission--ITA conducts an AD/CVD investigation and the International Trade Commission concurrently conducts the industry injury investigation. If both ITA's and the International Trade Commission's investigations result in affirmative determination, then ITA issues an AD/CVD order to the U.S. Customs Service, which results in a tariff rate adjustment.
- U.S. Customs and Border Protection (CBP)--because the AD/CVD law requires collection of offsetting duties at the time merchandise enters the country, ITA communicates regularly with the CBP to ensure the prompt and accurate implementation of ITA's decisions. The CBP then collects cash deposits and final duty assessments. ITA responds to inquiries from the CBP headquarters and port offices regarding the scope and potential evasion of AD/CVD orders, as well as other enforcement concerns.
- Treasury Department--to monitor subsidy-related commitments contained in the International Monetary Fund's stabilization packages.
- Department of State--in AD/CVD proceedings, ITA verifies information provided by foreign governments and companies in those countries. ITA works closely with the Department of State to obtain country clearances, arrange meetings, make necessary trip arrangements, and obtain pertinent information on subsidy enforcement issues. ITA works on a daily basis with U.S. embassies abroad and State Department economic officers and the Department of Commerce's CS.
- Department of Justice--ITA, in conjunction with the OGC, works with the Department of Justice's attorneys on pending AD/CVD litigation before the Court of International Trade and the Court of Appeals for the Federal Circuit.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Government/Private Sector

ITA works with U.S. small and medium-sized firms and state or local governments wherever possible in order to enable U.S. companies to take full advantage of export opportunities.

External Factors and Mitigation Strategies

Economic or currency upheavals in foreign markets can adversely affect demand for U.S. exports; changes in trade policy by foreign nations; expansion of markets just starting to open, such as that of China; and technological advances and large-scale, unexpected capital movement. ITA staff has identified and will continue to identify these changes and adopt policies that ensure fair treatment for U.S. firms and workers in overseas markets.

ITA will address the impact of other nations' trade policies. Specifically, ITA will expand our analytical infrastructure to support timely and accurate assessments of (1) the impact on U.S. industries of the growth of regional trade pacts and (2) the impact of major competitors exporting their discriminatory technical regulations to third markets in the developing world. ITA will develop strategies to support bilateral and multilateral trade negotiations that prevent the adoption of discriminatory international standards and regulations against U.S. products. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations, and help shape good regulations and standards.

ITA has established an Investigations and Compliance Unit to track, detect, and confront unfair competition before it injures an industry in the United States. Many of the legal remedies available to counter unfair trade practices are costly, particularly for small and medium-sized manufacturers. ITA's goal is to focus on those trading practices that are likely to have the biggest impact on our manufacturers and ensure that they are eliminated, rather than leave these small and medium-sized manufacturers in the United States with costly trade litigation. The new Investigations and Compliance Unit will track, detect and confront unfair competition by monitoring economic data from our global competitors and vigorously investigate evidence of unfair subsidization and production distortions.

Performance goals and performance measures no longer displayed in the APP:

The number of performance goals decreased from five in FY 2005 to three in FY 2006. The ITA reorganization during FY 2004 has streamlined its performance management because ITA now operates under three major agency-specific goals. The three major agency-specific goals are more closely aligned with changes to ITA's mission. The work associated with the goals no longer reported on "customer and stakeholder satisfaction" and "helping U.S. businesses take advantage of global e-commerce" will continue to be measured. Activities and results associated with these goals will be incorporated into the three new agency-specific goals.

The goals and supporting measures listed on the following page will no longer be displayed in the Annual Performance Plans (APP). However, ITA will continue to monitor several of these measures internally.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

ITA Goal: Improve Customer and Stakeholder Satisfaction

Supporting performance measures:

- Customer Satisfaction with ITA's Products and Services
- Level of Awareness of ITA Products and Services
- Number of U.S. Exporter Activity Undertaken per Customer Surveyed
- Number of Customers Acquired through Proactive ITA Efforts

ITA Goal: Improve the Competitive Advantage through Global E-Commerce

Supporting performance measures:

- Number of New Subscribers Using Buy-USA.com E-Services
- Customer Perception of Portal Ease of Use
- Percentage of ITA's Significant Products and Services Provided Electronically to External Customers

Discontinued Performance Measures:

As part of ITA's effort to improve its performance management, the performance measures below will be discontinued and no longer collected after FY04. Reasons for discontinuance are described below:

- **Number of New or Enhanced ITA partnerships with Public and Private Sector Entities to Promote U.S. Exports** - The measure was discontinued because measuring the partnership build rate from an established baseline was not a critical result and obtaining the information was difficult and unreliable. (**Performance Goal 1: Strengthen U.S. Industries**)
- **Dollar Exports in Targeted Products and Markets** - The measure was discontinued because it measured a "macro-economic" trend that was not an effective indicator of ITA's involvement. (**Performance Goal 1: Strengthen U.S. Industries**)
- **Dollar Value of Completed Advocacies (U.S. Export Content)** – The measure was discontinued as a part of ITA's effort to improve measures. ITA has determined that "dollar value" data is less valid because it is influenced by the dollar exchange rate, a significant external factor. (**Performance Goal 2: Expand the U.S. Exporter Base**)

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Results and targets for the for discontinued measures are exhibited by ITA performance goal on the table below:

Discontinued Measure Name (By Performance Goal)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target
Performance Goal 1: Strengthen U.S. Industries						
Number of New or Enhanced ITA partnerships with Public and Private Sector Entities to Promote U.S. Exports	New	Not Implemented	88	45	Discontinued	Discontinued
Dollar Exports in Targeted Products and Markets	New	\$166.3 B	\$166.3 B	\$179 B	Discontinued	Discontinued
Performance Goal 2: Expand the U.S. Exporter Base						
Dollar Value of Completed Advocacies (U.S. Export Content)	New	\$8.64 B	\$5.9 B	\$6.5 B	Discontinued	Discontinued
Percentage of ITA's Significant Products and Services Provided Electronically to External Customers. ⁸		Not Implemented	82%	85%	Discontinued	Discontinued

⁸ This measure was a success. It is unlikely that the measure will change as ITA has already achieved results that are comparable to best in business practices.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

ITA DATA VALIDATION AND VERIFICATION

ITA is using Panorama Business Views (PBViews), a network-based performance management data reporting system utilizing software to fully integrate the performance management approach into ITA's day-to-day operations and annual planning cycle. Every performance measure has a designated measure owner who gathers data and validates collected information; maintains individual measure documentation; leads cross-organizational coordination of data collection; performs quality control, including error checking and elimination of duplicates; and acts as program unit point of contact. Individual program unit managers are held accountable for the quality of the data that their staff collects and the timeliness with which the data is input into the performance management system, PBViews. Every quarter, the ITA Strategic Planning Leadership Team composed of senior ITA line managers reviews the reports published on PBViews for data integrity and accomplishments, and recommends corrective actions as necessary. This peer review approach also serves as a validation process of whether data are appropriate for the performance measures.

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS	ACTIONS TO BE TAKEN
Measure 1a: Trade and Economic Analysis	Survey of Stakeholders	Annually	PBViews	ITA staff will perform analysis to verify statistical results of collected data.	Limitations exist in the level of response to survey.	ITA will gauge performance of the Trade and Economic process through a mid-year internal assessment with stakeholders. Data requirements and methodology will be designed during FY 2005.
Measure 1b: Customer Perception of Ease of Access to Export and Trade Information and Data	ITA customers (U.S. exporters)	Broad survey conducted every two years. However, ITA is currently considering an approach to increase results frequency.	PBViews	ITA staff will perform analysis to verify statistical results of survey data.	Limitations exist in the level of response to survey.	ITA conducts a bi-annual customer satisfaction survey used to populate ITA's customer value performance measures every other year. ITA will adjust the FY 2006 targets once the results of the FY 2005 planned survey are known.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS	ACTIONS TO BE TAKEN
Measure 2a: Percentage of Undertaken Advocacy Actions Completed Successfully	U.S. companies that benefit from U.S. government advocacy	Annually	PBViews	The Advocacy Center conducts annual verifications with customers to confirm the dollar value of exports generated through the support of U.S. Government effort.	In some cases a host government overturns awards, and the winning U.S. company then loses the project. Quality of data is dependent on client's willingness to provide the data. Some clients elect not to provide information to ITA due to business proprietary concerns. U.S. embassies in some instances do not report all advocacy projects they have worked on in a given fiscal year.	Through a yearly verification study performed by ITA staff, ITA ensures that all completed advocacies are reported and verified in the Advocacy Center database.
Measure 2b: Number of U.S. Exporters Entering a New Market—Long-term Measure	U.S. exporters	Quarterly	Client Management System and PBViews	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.	ITA staff and the Office of Inspector General conduct verification studies. Weaknesses were identified in certain CS Export Assistance Centers internal reporting systems. Steps are being implemented to correct these weaknesses. ITA developed plans to review the collection processes.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS	ACTIONS TO BE TAKEN
Measure 2c: Number of U.S. Firms Exporting for the First Time—Long-term Measure	U.S. firms	Quarterly	Client Management System and PBViews	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.	Verification studies are conducted by ITA staff and by the Office of Inspector General. Office of Inspector General (OIG) identified weaknesses in certain CS Export Assistance Centers internal reporting systems. Steps are being implemented to correct these weaknesses. ITA developed plans to review the collection processes.
Measure 2d: Number of Export Transactions Made as a Result of ITA Involvement—Long-term Measure	U.S. exporters	Quarterly	Client Management System and PBViews	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.	Verification studies are conducted by ITA staff and by the Office of Inspector General. OIG identified weaknesses in certain CS Export Assistance Centers internal reporting systems. Steps are being implemented to corrected these weaknesses. ITA developed plans to review the collection processes.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS	ACTIONS TO BE TAKEN
Measure 2e: Percentage of CS Fee Funded Programs — Long-term measure	ITA accounting system	Annually	Document Direct, ITA accounting system	Quarterly controls conducted by DOC and are reported to OMB	Financial coding errors.	ITA is planning to implement an Activity Based Cost (ABC) Accounting and Management System to provide ITA with financial information allowing for more precise management and planning of resources, as well as, a better understanding of ITA's performance and commitment to priority activities. ITA is currently assessing the best approach to address fees.
Measure 3a: Percentage of AD/CVD Cases Completed on Time	IA cases completed in accordance with the statutory deadline	Quarterly	Data from the AD/CVD Case Management System is stored in the PBViews.	Each case is supported by final determinations, including Federal Register notices.	None.	None.
Measure 3b: Number of Market Access and Compliance Cases Initiated	Petitions from U.S. firms encountering trade barriers and compliance by foreign governments with U.S. negotiated international trade agreements	Quarterly	Data from the ITA compliance activity database maintained by the Trade Compliance Center (TCC) is stored in the PBViews.	MAC ensures system integrity and performs quality control, including error checking, elimination of duplicate cases reported, and, through peer review, verification of documentation.	A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments create barriers or act inconsistently with trade obligations (an exogenous factor) will impact the actual numbers.	OIG identified errors in case data reported. ITA has taken steps to ensure that internal procedures report data accurately.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS	ACTIONS TO BE TAKEN
Measure 3c: Number of Market Access and Compliance Cases Concluded	ITA Compliance and Market Access Management System database, which contains data on U.S. firms encountering foreign trade barriers	Quarterly	Data from the ITA Compliance and Market Access Case Management System is stored in the PBViews database.	Records support each case and many of the cases have been highlighted in the Commerce Secretary's Monthly Compliance Case Report. MAC ensures the integrity of the ITA-wide Compliance and Market Access Case Management System. The Compliance and Market Access Case Management System is updated daily. Performance data is monitored and certified internally.	Number of cases "concluded" depends on the accurate tracking of case assignment and case disposal.	OIG identified errors in case data reported. ITA has taken steps to ensure that internal procedures report data accurately.

Exhibit 5

SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	Positions	FTE	Direct Obligations	Gross BA	Net BA
FY 2005 Adjusted Appropriation	2,788	2,553	396,257	396,257	388,257
less: Obligations from prior years	0	0	0	0	0
plus: Restoration of Rescissions	0	0	0	0	0
plus: 2006 Adjustments-to-Base	0	0	13,368	13,368	8,368
FY 2006 Base	2,788	2,553	409,625	409,625	396,625
plus: FY 2006 Program Changes	0	0	(700)	(700)	(700)
Total FY 2006 Estimate	2,788	2,553	408,925	408,925	395,925

		2004 Actual		2005 Currently Available		2006 Base		2006 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
ITA-IV	Comparison by activity/subactivity										
	Manufacturing and Services	333	44,004	369	47,861	333	48,134	333	47,434	0	(700)
	Less: Unobligated Balance Rescission		(43,812)								
	Pos./Gross BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	Pos./Net BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	FTE/Obl.	265	50,927	284	48,376	284	48,134	284	47,434	0	(700)
ITA-V	Market Access and Compliance	221	30,799	303	39,552	303	39,815	303	39,815	0	0
	Pos./Gross BA	221	30,799	303	39,552	303	39,815	303	39,815	0	0
	Pos./Net BA	221	30,799	303	39,552	303	39,815	303	39,815	0	0
	FTE/Obl.	203	33,155	275	48,045	275	39,815	275	39,815	0	0
ITA-VI	Import Administration	481	67,541	444	63,708	480	64,134	480	64,134	0	0
	Pos./Gross BA	481	67,541	444	63,708	480	64,134	480	64,134	0	0
	Pos./Net BA	481	67,541	444	61,708	480	62,134	480	62,134	0	0
	FTE/Obl.	352	69,105	442	61,741	442	64,134	442	64,134	0	0
ITA-VII	Trade Promotion and US & Foreign Commercial Service	1,070	212,576	1,506	219,475	1,506	231,722	1,506	231,722	0	0
	Pos./Gross BA	1,070	212,576	1,506	219,475	1,506	231,722	1,506	231,722	0	0
	Pos./Net BA	1,070	212,576	1,506	213,475	1,506	220,722	1,506	220,722	0	0
	FTE/Obl.	1,254	224,801	1,386	216,061	1,386	231,722	1,386	231,722	0	0
ITA-VIII	Executive Direction/Administration	192	24,633	166	25,661	166	25,820	166	25,820	0	0
	Pos./Gross BA	192	24,633	166	25,661	166	25,820	166	25,820	0	0
	Pos./Net BA	192	24,633	166	25,661	166	25,820	166	25,820	0	0
	FTE/Obl.	143	25,793	166	25,661	166	25,820	166	25,820	0	0
	Pos./Gross BA	2,297	335,741	2,788	396,257	2,788	409,625	2,788	408,925	0	(700)
	Pos./Net BA	2,297	335,741	2,788	388,257	2,788	396,625	2,788	395,925	0	(700)
	FTE/Obl.	2,217	403,781	2,553	399,884	2,553	409,625	2,553	408,925	0	(700)
	Fees		6,398		8,000		13,000		13,000		
	TOTALS										
	Adjustments for:										
	Recoveries		(10,526)		0		0		0		0
	Unobligated balance, start of year		(69,788)		(11,627)		0		0		0
	Unobligated balance, start of year cash on hand		(3,706)		0		0		0		0
	Unobligated balance, expiring		332		0		0		0		0
	Unobligated balance, end of year		11,627		0		0		0		0
	Rescission		4,021		0		0		0		0
	Unobligated balance rescission		48,386		0		0		0		0
	Financing from:										
	Transfers from other accounts		(6,025)		0		0		0		0
	Net Appropriation		378,102		388,257		409,625		408,925		(700)

Notes:

1. FY05 Total Gross Appropriation is the Adjusted Appropriation of \$388.257M plus Fees of \$8M.
2. \$1.906 Budget Authorization reappropriated from Manufacturing and Services to Import Administration in FY2004
3. ITA was required to apply to FY2004 enacted authority rescissions of \$8.4M and \$40M on FY2003 unobligated balances and, Travel and Tourism, respectively. This causes the FY2004 enacted authority to appear deceptively low and the FY2006 request high.

**United States Travel and Tourism Promotion
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)**

Exhibit 5

	Positions	FTE	Direct Obligations	Budget Authority
FY 2005 Appropriation				
less: Obligations from prior years	0	0	9,866	9,866
plus: Restoration of Rescissions	0	0	0	0
plus: 2006 Adjustments-to-Base	0	0	(9,866)	(9,866)
	<hr/>			
FY 2006 Base				
plus: FY 2006 Program Changes	0	0	0	0
Total FY 2006 Estimate	<hr/>	<hr/>	<hr/>	<hr/>

	2004 Estimate		2005 Enacted		2006 Base		2006 Estimate		Increase/ (Decrease)		
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	
Comparison by activity/subactivity											
Travel and Tourism Promotion (MAS)	Pos./BA.	0	0	0	9,866	0	0	0	0	0	
	FTE/Obl.	0	0	0	9,866	0	0	0	0	0	
		<hr/>									
TOTALS	Pos./BA.	0	0	0	9,866	0	0	0	0	0	
	FTE/Obl.	0	0	0	9,866	0	0	0	0	0	
Adjustments for:											
Recoveries			0		0		0		0		
Unobligated balance, start of year			0		0		0		0		
Unobligated balance, start of year adjustment			0		0		0		0		
Unobligated balance, transferred			0		0		0		0		
Unobligated balance, end of year (expiring)			0		0		0		0		
Rescission			0		0		0		0		
Unobligated balance rescission			0		0		0		0		
Financing from:											
Transfers to other accounts			0		0		0		0		
Transfers from other accounts			0		0		0		0		
Net Appropriation			0		9,866		0		0		

SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

	2004		2005		2006		2006		Increase/ (Decrease)	
	Actual		Estimate		Base		Estimate		Personnel	Amount
	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Total Obligations	2,242	415,346	2,602	430,884	2,602	427,625	2,602	426,925	0	(700)
Financing:										
Offsetting collections from:										
Federal funds	(25)	(5,167)	(49)	(23,000)	(49)	(18,000)	(49)	(18,000)	0	0
Trust funds		0		0		0		0	0	0
Non-Federal funds, fee collections		(6,398)		(8,000)		(13,000)		(13,000)	0	0
Recoveries		(10,526)		(11,627)		0		0	0	0
Unobligated balance, start of year		(69,788)		0		0		0	0	0
Unobligated balance, start of year cash on hand		(3,706)								
Unobligated balance, expiring		332		0		0		0	0	0
Unobligated balance, end of year		11,627								
Rescission		4,021								
Unobligated balance rescission		48,386		0		0		0	0	0
Unobligated balance remaining		0		0		0		0	0	0
Budget Authority	2,217	384,127	2,553	388,257	2,553	396,625	2,553	395,925	0	(700)
Financing:										
Transferred to other accounts		0		0		0		0		0
Transferred from other accounts		(6,025)		0		0		0		0
Appropriation	2,217	378,102	2,553	388,257	2,553	396,625	2,553	395,925	0	(700)

Note: Does not include \$9.9M one-time funding for FY 2005 Travel and Tourism Board

Exhibit 8

**Adjustments-To-Base
(Dollar amounts in thousands)**

Adjustments:	ETE	Amount
Other Changes:		
2005 Pay Raise	0	3,327
2006 Pay Raise	0	2,883
Payment to the Working Capital Fund	0	143
Full Year Costs in 2006 of Positions Financed for Part Year in 2005	0	49
One Less Compensable Day	0	(702)
Civil Service Retirement System (CSRS)	0	(213)
Federal Employees Retirement System (FERS)	0	358
Thrift Saving Plan (TSP)	0	67
Federal Insurance Contributions Act (FICA)- OASDI	0	135
Health Insurance	0	1,067
Employee's Compensation Fund	0	21
Travel:		
Mileage	0	14
Transportation of things	0	42
Rental payments to GSA	0	283
Rental payments to others	0	137
Other Services:		
Working Capital Fund	0	982
Capital Security Cost Sharing Program(CSCSP)	0	9,109
Overseas wage increases FY 2006	0	694
Overseas price increases FY 2006	0	273
General Pricing Level Adjustment:		
Communications, utilities, and miscellaneous changes	0	0
Printing and reproduction	0	46
NARA	0	4
Other services	0	1,108
Supplies and materials	0	58
Equipment	0	106
International Cooperative Administrative Support Services (ICASS)	0	2,281
Non-ICASS Local Guard Service	0	176
Currency Loss	0	1,600
Military Pouch Service	0	43
In-Flight Survey	0	37
I-94 Program	0	1
Official Airlines Guide (OAG)	0	1
Subtotal, Other Changes	0	24,130
Less Amount Absorbed	0	(10,762)
Total, other costs changes	0	13,368
Total, adjustments-to-base	0	13,368

**United States Travel and Tourism Promotion
Adjustments-To-Base
(Dollar amounts in thousands)**

Adjustments:	FTE	Amount
Other Changes:		
Non-recurring Travel and Tourism Promotion	0	(9,866)
Subtotal, Other Changes	0	(9,866)
Less Amount Absorbed	0	0
Total, other costs changes	0	(9,866)
Total, adjustments-to-base	0	(9,866)

**Operations and Administration
Justification of Adjustments-to-Base
(Dollar amounts in thousands)**

Exhibit 9

<u>Adjustments:</u>	<u>FTE</u>	<u>Amount</u>
<u>Changes:</u>		
<u>Pay Raises</u>	0	6,210
Full-year cost of 2005 pay increase and related costs:		
The 2005 President's budget assumes a pay raise of 1.5% effective January, 2005		
Total cost in 2006 of 2005 pay raise		4,277,000
Less amount funded in 2005		1,425,667
Amount requested in 2005 increase		4,277,000
Full year		<u>5,702,667</u>
Additional amount required in BY		<u>1,425,667</u>
Total salaries at 1.5%		<u>95,044,444</u>
Total costs of pay increase at 3.5%		<u>3,326,556</u>
Revised costs of annualized 05 pay raise		<u>3,327</u>
A general pay raise of 2.3% is assumed to be effective January 1, 2006		
Total cost of 2006 of pay increase		2,883
Less amount absorbed in FY 2006		<u>0</u>
Amount requested for FY 2006 pay increase		2,883
Payment to Working Capital Fund		<u>0</u>
Total, adjustment for 2006 pay increase		<u>6,210</u>
<u>Full-year cost in 2006 of positions financed for part-year in 2005</u>	0	49
An increase of \$48,513 is required to fund the full-year in 2006 of positions financed for part -year in 2005		
The computation follows:		
Annual salary of new positions in 2005		166,468
2005 Pay raise		5,826
Less 5 percent lapse		<u>(8,615)</u>
Full year cost of personnel compensation in 2005		163,679
Less personnel compensation in 2005		<u>(126,724)</u>
Subtotal personnel compensation		36,955
2006 pay raise 3/4 of year		638
Benefits		<u>10,920</u>
Total Adjustments-to-Base		48,513

Adjustments:

FTE Amount

One Less Compensable Day in FY 2006

0 (702)

The decreased cost of one less compensable day in 2006 compared to 2005 is calculated by dividing the 2005 estimated personnel compensation (\$160,865,000) and applicable benefits (\$22,391,000) by 261 compensable days. The cost decrease of one less compensable day is (\$702,130).

Civil Service Retirement System (CSRS)

0 (213)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to drop as positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 25.3% in 2005 to 22.8% in 2006 for regular employees and foreign service employees will be 25.2% and 23.9%. Contribution rates will be 7.00% for regular employees and 7.25% for foreign service employees.

Regular:

2006 \$106,718,750 X .228 X .0700
2005 \$106,718,750 X .253 X .0700

1,703,231
1,889,989

Subtotal

(186,758)

Foreign Service:

2006 \$27,436,250 X .239 X .0725
2005 \$ 27,436,250 X .252 X .0725

475,402
501,260

Subtotal

(25,858)

Total Adjustment-to-Base

(212,616)

Federal Employees Retirement System (FERS)

0 358

The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 74.7% in 2005 to 77.20% in 2006 for regular and from 74.8% to 76.1% for foreign service employees. The contribution rate will be 10.7% in 2005 for regular employees. For Foreign service employees, the contribution rate will be 20.22% in 2006

Regular:

2006 \$106,718,750 X .772 X .107
2005 \$106,718,750 X .747 X .107

8,815,396
8,529,923

Subtotal

285,473

Foreign Service:

2006 \$27,436,250 X .761 X .2022
2005 \$ 27,436,250 X .748 X .2022

4,221,731
4,149,612

Subtotal

72,119

Total Adjustment-to-Base

357,592

Adjustments:

FTE Amount

Thrift Savings Plan (TSP)

0 67

The cost of agency contributions to the Thrift Savings Plan will also rise as FERS participation increases. The contribution rate is expected to remain at 2%.

Regular:	
2006 \$106,718,750 X .772 X .02	1,647,738
2005 \$106,718,750 X .747 X .02	<u>1,594,378</u>
Subtotal	53,360
Foreign Service:	
2006 \$27,436,250 X .772 X .02	423,616
2005 \$27,436,250 X .748 X .02	<u>410,446</u>
Subtotal	13,170
Total Adjustment-to-Base	66,530

Federal Insurance Contribution Act (FICA)

0 135

As the percentage of payroll covered by FERS rises, the cost of Old Age Survivor and Disability Insurance (OASDI) contributions will increase. In addition, the maximum salary subject to OASDI tax will increase from \$91,125 in 2005 to \$92,175 in 2006. The contribution rate will remain 6.2% in 2006

Regular:	
2006 \$106,718,750 X .772 X .9700 X .062	4,954,747
2005 \$106,718,750 X .747 X .9720 X .062	<u>4,804,180</u>
Subtotal	150,567
Foreign Service:	
2006 \$27,436,250 X .761 X .8800 X .062	1,139,157
2005 \$27,436,250 X .748 X .9070 X .062	<u>1,154,052</u>
Subtotal	(14,895)
Other than Permanent; Regular Salaries	
2006 \$2,387,000 X .970 X .062	143,554
2005 \$2,387,000 X .9720 X .062	<u>143,850</u>
Subtotal	(296)
Total Adjustment-to-Base	135,376

	<u>FTE</u>	<u>Amount</u>
<p><u>Health Insurance</u> This bureau's contribution to Federal employees' health benefits increased by an average rate of 11.1% Applied against the 2005 estimate of \$9,614,000, the request increased by \$1,067,154.</p>	0	1,067
<p><u>Employees Compensation Fund</u> The Employee's Compensation Fund bill for the year ending June 30, 2004 is estimated to be \$21,000 higher than the bill for June 30, 2003. The changes will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.</p>	0	21
<p><u>General Printing Office (GPO) Printing</u> GPO has provided an estimated rate increase of 1.7%. This percentage was applied to the 2005 printing estimate of \$2,726,000 to arrive at an increase of \$46,342.</p>	0	46
<p><u>Rental Payments to GSA</u> A \$282,735 increase reflects an anticipated rate increase of 1.5% over the FY 2005 cost for rent from the General Services Administration. This percentage was applied to the base estimate of \$18,849,000.</p>	0	283
<p><u>Travel (Mileage)</u> A rate increase of 4.2% is applied to the base of \$335,000 to produce an adjustment of \$14,070.</p>	0	14
<p><u>Working Capital Fund</u> An increase of \$982,000 is required to fund cost increases in the Department's Working Capital Fund to maintain the current level of ops.</p>	0	982
<p><u>Overseas Wage Increases FY 2006</u> The Foreign Service National (FSN) Salary increase is for wage adjustments overseas based on calculations using a 2.3% increase applied to total FSN salaries and other overseas salary costs. The result of the calculation is an Adjustment-to-Base for Overseas Wage Increases of \$694,000.</p>	0	694
<p><u>Overseas Price Increase FY 2006</u> The overseas price increases is based on anticipated overseas price increases in FY 2006 in countries in which ITA conducts operations. The percentage used is 1.7% multiplied by \$16,082,000 (the total FY 2005 other objects overseas spending). The resulting Adjustment-to-Base is \$273,394.</p>	0	273
<p><u>General Pricing Level Adjustment</u> This request applies OMB economic assumptions for 2006 to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied to: rental payment to other; transportation of things; communications, utilities, and miscellaneous charges (excluding postage); other services excluding DOC's Departmental Management (DM) and Working Capital Fund (WCF) Payments; Supplies and materials; and equipment. The general pricing adjustment is 1.7%. The total 2006 ATB requested is \$1,594,000.</p>	0	1,594
<p><u>International Cooperative Administrative Support Services (ICASS)</u> Based on 2004 actual costs of \$23,661,202 and 12.10% rate of inflation from FY 2004 to FY 2005, the 2005 projected cost is \$26,524,207. Applying 8.60% rate of inflation from 2005 to 2006, the 2006 projected cost is \$28,805,289. The total ATB request is \$2,281,082 which is the difference between 2005 and 2006 projected costs.</p>	0	2,281

	FTE	Amount
<p><u>In-Flight Survey (IFS)</u> In-Flight Survey contract like the U.S. Citizenship and Immigration Services (USCIS) Form I-94 and Official Airlines Guide (OAG) data are purchased each year and the costs have increased each year. Using the FY 02 actual costs of \$125,513 for a set of 10,000 surveys and FY 03 costs of \$129,670 for a set of 10,000 surveys as a basis, indicates that costs will likely increase by 3.3%.</p> <p>During each fiscal year, 70,000 surveys are conducted. Using the actual costs to date for FY 2004 of \$1,075,816 for 70,000 surveys and the 3.3% annual cost increase, the projected costs for FY 2005 is \$1,111,447 and for FY 2006 is \$1,148,258. The ATB request would amount to \$36,811.</p>	0	37
<p><u>U.S. Citizenship and Immigration Services (USCIS) Form I-94 Processing Program</u> USCIS Form I-94 Processing for incoming visitors to the United States has increased from \$48,840 to \$49,911 or 2.2% from 2002 to 2003. The 2004 costs were \$81,839. The 2005 projected cost were estimated to be \$83,639. 2006 projected costs were estimated to be \$85,480. The ATB would be \$1,840. However, only an ATB of \$1,000 is requested to maintain an overall total ATB of \$24.130 M.</p>	0	1
<p><u>Official Airlines Guide (OAG)</u> The OAG data is required to pull our sample for the In-Flight Survey program and is used in conjunction with our USCIS Form I-94 Processing program. To obtain this data in 2003, the data costs were \$43,477. The cost of the same data in 2002 was \$42,211. The increase between the two years was 3.0%.</p> <p>Using the \$44,346 as the projected costs for 2004 and the 3% rate of cost increase, the projected costs for 2005 is \$45,676 and for 2006 is \$47,047. To maintain the same level of service for FY 2006 would require an ATB of \$1,370.</p>	0	1
<p><u>National Archives and Records Administration (NARA) Storage Costs</u> An increase of \$4,000 is requested to fund ITA's costs for the NARA storage costs for a projected 2006 cost of \$18,000.</p>	0	4
<p><u>Currency Exchange Loss</u> As the U.S. dollar loses value when converted to foreign currency, operating costs increase. As a result of these exchange rate losses, the cost of base operations has increased. An ATB is required in order to maintain the level of current operations.</p>	0	1,600
<p><u>Military Pouch</u> A rate of increase of 6.5% was applied to the 2004 actual cost of \$626,565 for a 2005 projected cost of \$667,292 and 2006 projected cost of \$710,666. The computed ATB is \$43,374 needed for security and anthrax-related devices during pouch mail delivery.</p>	0	43
<p><u>Capital Security Cost Sharing Program (CSCSP)</u> ITA has 181 offices in 80 countries overseas. The majority of the offices are located in U.S. Consulates and Embassies. The Department of State (DOS) plans to build 155 new embassy compounds over a 14-year period for a total of \$17.5 billion. Under the Capital Security Cost Sharing Program (CSCSP), all agencies represented in embassies will be charged on a worldwide per capita basis: \$59,318 per controlled access employee and \$28,144 per non-controlled access employee. The CS share for FY 2006 will be approximately \$9.109 million including rent offsets over the \$4.5M needed in FY 2005. This funding rate will increase progressively through FY 2010 where the amount necessary is \$42.0M. It will then continue at the FY 2010 rate through FY 2018. Without the requested funds, ITA would have to significantly reduce its overseas presence.</p>	0	9,109

Adjustments:

Non-ICASS Local Guard Service

A rate of increase of 6.5% was applied to the 2004 actual cost of \$2,546,035 for a 2005 projected cost of \$2,711,527 and 2006 projected cost of \$2,887,777.

The computed ATB is \$176,249. This increase is based on ICASS cost increase driven by more expensive and increased number of security personnel.

	<u>FTE</u>	<u>Amount</u>
	0	176
Subtotal, other changes	<u>0</u>	<u>24,130</u>
Less: Adjustment-to-Base absorbed	<u>0</u>	<u>(10,762)</u>
Subtotal, other costs changes	0	13,368
Total, adjustments-to-base	<u>0</u>	<u>13,368</u>

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration
Subactivity: Manufacturing and Services

		2004		2005		2006		2006		Increase/ (Decrease)	
		Actual		Currently Available		Base		Estimate			
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Performance Goal											
Strengthen U.S. Industries	Pos./Gross BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	Pos./Net BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	FTE/OBL.	265	50,927	284	48,376	284	48,134	284	47,434	0	(700)
Direct Obligations											
	Pos./Gross BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	Pos./Net BA	333	192	369	47,861	333	48,134	333	47,434	0	(700)
	FTE/OBL.	265	50,927	284	48,376	284	48,134	284	47,434	0	(700)

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

JUSTIFICATION OF PROGRAM AND PERFORMANCE
MANUFACTURING AND SERVICES

Enhancing American Industry's Competitiveness

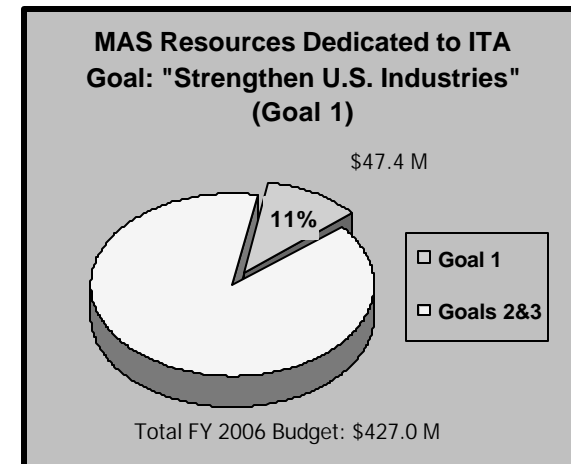
Department of Commerce Goal 1

Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

Mission and Goals for FY 2006

Manufacturing and Services' (MAS) mission is to strengthen the global competitiveness of U.S. industry, expand its foreign market access, and increase U.S. exports with a special focus on American manufacturers. MAS supports the ITA-wide strategic goal entitled "Strengthen U.S. Industries." MAS achieves its mission and goals by:

- Assessing the impact on industry performance of domestic policies and regulations, foreign trade barriers, foreign competitive practices, and international trade agreements;
- Conducting economic research and analysis on industry and trade to support the development and implementation of programs and policies to improve the global competitiveness of American manufacturing and service industries;
- Analyzing trends, identifying key factors affecting competitiveness and barriers to exports, and improving access to foreign markets;
- Providing industry knowledge, expertise, and analysis on economic and commercial policies that shape and implement U.S. trade policy;
- Ensuring that the Secretary of Commerce has current information, objective analysis, and policy alternatives and recommendations to facilitate well-informed decisions on trade and economic policies;
- Supporting the Manufacturing Council, the President's Export Council, the Industry Trade Advisory Committees, and the Interagency Working Group on Manufacturing in their work to strengthen and/or maintain industry's competitiveness, a primary goal of MAS;
- Consulting with U.S. industry on findings of the groups above, including implications for small businesses;
- Compiling and disseminating data on U.S. and world trade, economic performance, and industry competitiveness that support trade negotiation, trade policy development, and trade promotion;
- Representing and advocating for the interests of the manufacturing and services sectors with the U.S. Government and in international policy for; and



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

- Assessing and identifying U.S. industry-specific priority export markets, and providing input to the CS that will be used by CS to plan ITA's trade promotion program.
- Implementing manufacturing report

Base Program

Manufacturers find themselves on the front lines of the most intense global competition in history, and service industries are beginning to confront an identical level of competitive intensity. MAS advances the competitiveness of U.S. industry by researching and analyzing U.S. businesses and their operating environments to identify the opportunities and challenges that face them. MAS consults with U.S. industry on challenges and opportunities identified and combines industries' input with MAS' analysis to develop policy recommendations to promote expansion of manufacturing and service sector exports, as well as to set strategic priorities for trade policy. For example, during the Summer and Fall of 2003, MAS organized and participated with other Department of Commerce agencies in over 20 public roundtables where U.S. manufacturers explained significant factors that are eroding competitiveness, contributing to higher production costs, retarding innovation, and impeding trade. These concerns, as expressed by manufacturers, will generate policy recommendations to help ensure that the U.S. Government is creating conditions where U.S. manufacturers prosper and that maximize competitiveness. MAS works with a wide variety of government agencies and other entities to advance the recommendations made in Secretary Evan's report "Manufacturing in America, A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers" available at www.manufacturing.gov. Further, MAS works with trade associations to sponsor conferences and roundtables on issues affecting services providers. These conferences provide access to exporters of U.S. services to senior USG policy makers and offer opportunities for explaining significant factors that affect competitiveness, innovation, and impediments. The concerns of service providers are an important building block for generating policy recommendations as the U.S. moves forward with an aggressive, market opening, trade agreement agenda.

MAS evaluates the effects of domestic and international economic and regulatory policies on the ability of U.S. manufacturing and service industries to compete in world markets. It conducts analyses of the economic environment for manufacturing and services industries and makes recommendations to enhance that environment. MAS analyzes regulations such as health and safety or environmental regulations and other proposed policies to determine their impact on cost competitiveness of U.S. firms and works with other U.S. agencies to reduce the impact of proposed and existing policies and regulations on U.S. industries. MAS serves as the primary liaison with U.S. industry and work with industry to identify key issues affecting competitiveness. MAS analyzes trends in manufacturing and service industries, including productivity growth, employment, structural changes and evolving business models. Furthermore, the original data collected by MAS is used by the Department of Commerce to report on U.S. imports and exports, international travel and the travel and tourism industry.

Through analysis, coordination with country desk officers, and consultation with private sector representatives, MAS develops industry recommendations for trade policy. MAS develops negotiating priorities and recommends strategies to overcome non-tariff barriers, open markets, promote mutual recognition, and deal with other sensitive issues that affect trade in manufactured goods and services. Further, MAS manages the Industry Trade Advisory Committees (ITACs) program, which serves as a communications channel for U.S. companies to express their views to U.S. negotiators on trade negotiations and other policy issues. In addition, those issues affecting small-and-medium-sized exporters (SMEs) are of particular concern.

MAS' knowledge of, and relationship with, U.S. industry enables it to take a leadership role in multilateral and bilateral negotiations on trade in goods and services. ITAC/Industry Functional Advisory Committee (IFAC) provide a forum for policy input from the private sector. One important emphasis is on addressing the impact of divergent standards, redundant testing and compliance procedures on U.S. competitiveness, and unilateral and non-transparent standard setting exercises that combine to increase manufacturers' costs and decrease their competitiveness. These standards issues are now recognized as major impediments to free trade –

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

estimated to affect 80 percent of world merchandise trade. MAS worked closely with the National Institute of Standards and Technology to produce a report on standards and trade published in 2004.

Other U.S. Government agencies such as the Food and Drug Administration (FDA), Environmental Protection Agency (EPA) and the Federal Communications Commission (FCC) rely on MAS as the key resource for setting trade policy priorities affecting U.S. industry. The MAS program takes a leading role in providing a forum for industry and government to come together in the international arena to discuss expanding exports and investment in the telecommunications and the energy sector. MAS developed market research and briefing materials for participants to support the China-United States Telecommunications Summit. The Telecommunications Summit is sponsored jointly by the Telecommunications Industry Association, the National Telecommunications and Information Administration, and ITA to provide an opportunity for senior Chinese and U.S. government officials to discuss policy, and to provide U.S. industry executives an opportunity to meet with the Chinese ministerial and procurement officials, as well as regional telecommunications industry executives. MAS also organized two major Commercial Energy Summits with Russia and established a Commercial Energy Dialogue between the U.S. and Russian energy industries. In energy services, MAS has taken a lead role with our United States Trade Representative negotiating partners in establishing a separate classification in the WTO General Agreement on Trade In Services (GATS). This new classification allows U.S. energy services providers greater coverage and, if adopted, could ultimately open up markets for the trade in both energy and energy services.

MAS manages a state-of-the-art information delivery system for trade information, through www.ese.gov. MAS continues its initiative to improve the usefulness of U.S. export data as a tool for helping U.S. firms realize their export potential. With the launch of multiple new free trade agreement negotiations, MAS' expertise in trade analysis and database tools enables the Department of Commerce to provide invaluable assistance during negotiations. MAS's analysis and recommendations ensure that the interests of U.S. industry are fully represented. Working with the Census Bureau, MAS supported the development of economic profiles of the U.S. exporting community, detailed statistics on U.S. exports at the state level, and information on the role of exports in supporting jobs in each state. This data provides critical information to U.S. firms considering the initiation or expansion of exporting activities, as well as, federal, state and local government entities involved in supporting the realization of export potential by their constituent business entities. This allows industry clients to obtain reports and publications. The web sites are also used to push messages to clients to keep them informed of the products and services available to them.

MAS also has accelerated the process of "unlocking" Department of Commerce data now residing on in-house systems by expanding the use of the Internet for delivering applications like the Export Statistics Express <http://ese.export.gov>. This technology—which features interactive data retrieval, user customization, data visualization on map-based interfaces, and flexible downloading and printing—vastly expands data accessibility while sharply reducing the costs of serving ITA customers. On the international policy front, MAS promotes e-commerce growth through bilateral discussions and agreements with foreign governments, including Free Trade Agreements and Joint Statements on Electronic Commerce in developing countries.

MAS manages the Market Development Cooperator Program (MDCP). The MDCP is a competitive matching grant program that provides federal assistance to non-profit export multipliers such as states, trade associations, chambers of commerce, world trade centers, and other industry groups that are particularly effective in reaching and assisting SMEs. MDCP awards help to underwrite the start-up costs of new export marketing ventures, which these groups are often reluctant to undertake without federal government support. Since FY 1997, MDCP award winners have generated over \$227 million in exports annually. During its eleven-year history, the MDCP has facilitated over \$3 billion of U.S. exports. When funded projects are completed, the private sector will have invested over \$63 million to develop foreign markets as a result of the U.S. Government's \$23.2 million expenditure.

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

SUMMARY OF WORKLOAD AND PERFORMANCE DATA

	FY 2003 <u>Actual</u>	FY 2004 <u>Actual</u>	FY 2005 <u>Estimate</u>	FY 2006 <u>Estimate</u>
Performance Goal: Strengthen U.S. Industries				
Trade and Economic analysis (Annual Performance Plan Measure)	N/A	New	New	70
Data collection will be established in FY 2005 and reported in FY 2006				

**Manufacturing and Services
DECREASE FOR FY 2006**
(Dollar Amounts in Thousands)

ITA GOAL		FY 2006 Base		FY 2006 Estimate		Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Strengthen U.S. Industry	Pos./BA	333	\$48,134	333	\$47,434	0	(\$700)
	FTE/Obl.	284	\$48,134	284	\$47,434	0	(\$700)

Decrease

In FY 2004, An Assistant Secretary for Manufacturing and Services (MAS) was established in the International Trade Administration with three Deputy Assistant Secretary (DASs) reporting to the Assistant Secretary: 1) The DAS for Manufacturing; 2) The DAS for Industry Analysis; and 3) The DAS for Services. The Assistant Secretary for MAS provides advice on domestic and international trade and investment policies affecting the competitiveness of U.S. industry. MAS also conducts in-depth research and analysis on manufacturing and services sectors to develop strategies, policies and programs that strengthen the competitive position of U.S. industries in the United States and in global supply chains.

As a result of this reorganization, certain economies of scale and savings were realized regarding MAS's ability to complete detailed sector analysis of service and manufacturing industries. This realized savings has enabled MAS to decrease its base program by \$0.7 Million. This program decrease resulted from savings due to streamlining and consolidation of similar functions.

Costs and Benefits

Manufacturing And Services - Cost And Benefits:	2006	2007	2008	2009	2010
Capitalized	0	0	0	0	0
Uncapitalized	(700)	(700)	(700)	(700)	(700)
Total	(700)	(700)	(700)	(700)	(700)
Budget Authority	(700)	(700)	(700)	(700)	(700)
Outlay	(490)	(630)	(700)	(700)	(700)
FTE	0	0	0	0	0

**Operations and Administration
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)**

Activity: Manufacturing and Services
Subactivity: Strengthen U.S. Industries

Program Decrease

Object Class	2006 Decrease
11 Personnel compensation	
11.1 Full-time permanent	0
11.3 Other than full-time permanent	
11.5 Other personnel compensation	
11.8 Special personnel services payments	
11.9 Total personnel compensation	0
12.1 Civilian personnel benefits	0
13 Benefits for former personnel	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	0
23.3 Communications, Utilities and miscellaneous charges	0
24 Printing and reproduction	0
25.1 Consulting services	0
25.2 Other services	(700)
25.3 Purchase of goods and services	0
26 Supplies and materials	0
31 Equipment	0
32 Lands and structures	0
33 Investments and loans	0
41 Grants, subsidies and contributions	0
42 Insurance claims and indemnities	0
43 Interest and dividends	0
44 Refunds	0
99 Total obligations	(700)

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration
Subactivity: Market Access and Compliance

			2004		2005		2006		2006		Increase/ (Decrease)	
			Actual		Currently Available		Base		Estimate			
Performance Goal			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Ensure Fair Competition in International Trade	Pos./Gross BA		221	30,799	303	39,552	303	39,815	303	39,815	0	0
	Pos./Net BA		221	30,799	303	39,552	303	39,815	303	39,815	0	0
	FTE/OBL.		203	33,155	275	48,045	275	39,815	275	39,815	0	0
Direct Obligations												
	Pos./Gross BA		221	30,799	303	39,552	303	39,815	303	39,815	0	0
	Pos./Net BA		221	30,799	303	39,552	303	39,815	303	39,815	0	0
	FTE/OBL.		203	33,155	275	48,045	275	39,815	275	39,815	0	0

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

JUSTIFICATION OF PROGRAM AND PERFORMANCE
MARKET ACCESS AND COMPLIANCE

Opening World Markets for American Firms and Workers

Department of Commerce Goal 1

Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

Mission and Goals for FY 2006

Market Access and Compliance's (MAC) mission is to obtain greater access to foreign markets for U.S. companies by eliminating barriers to U.S. exports overseas and by ensuring foreign compliance with trade agreements.

MAC achieves its mission and goals by:

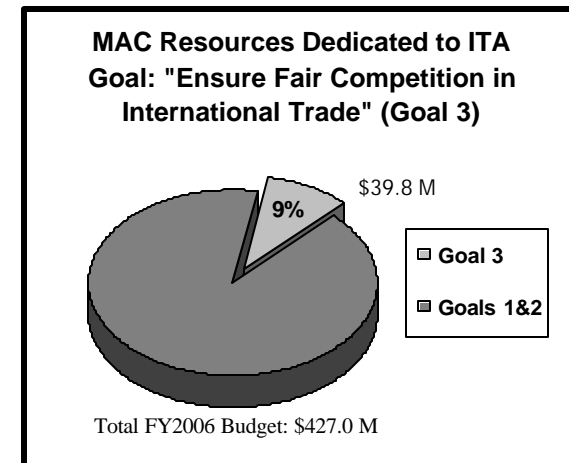
- Identifying, analyzing and prioritizing market barriers to U.S. exports;
- Developing strategies for removing market obstacles;
- Working to remedy failures by foreign governments to implement and comply fully with trade agreements;
- Monitoring compliance with all U.S non-agricultural trade agreements;
- Working with the U.S. Trade Representative (USTR) and other agencies to implement the strategies developed for removing market obstacles;
- Increasing the number of compliance investigations initiated; and
- Increasing the number of compliance investigations closed.

MAC activities support the ITA-wide strategic goal titled "Ensure Fair Competition in International Trade".

Base Program

The Secretary and Congress have both stressed the importance of monitoring compliance by foreign nations with trade agreements to ensure that U.S. business receives the full benefit of negotiated trade agreements. MAC monitors, investigates, and evaluates foreign compliance with more than 250 trade agreements signed by the United States. MAC is an integral part of the U.S. Government's interagency cooperative effort to develop and implement market access strategies and to remove foreign trade barriers.

MAC also contributes to the U.S. Trade Representative's (USTR) trade negotiations by providing much of the analysis, expertise, and staff support needed to achieve the negotiating objectives. The country and regional experts in MAC provide technical knowledge and detailed expertise needed for U.S. trade agreement



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

negotiating teams. MAC analyzes market barriers, develops detailed data and information related to technical problems and obstacles, and conducts economic and commercial analyses necessary for successfully negotiating trade agreements. Compliance officers in MAC regularly participate in many U.S. trade negotiations.

MAC has increasingly been called upon to provide substantial support to USTR-led trade negotiations in recent years. In FY 2003 and the first half of FY 2004, MAC played a key role in major U.S. trade negotiations, including bilateral Free Trade Agreements with Chile, Singapore, Morocco, U.S.- Central America Free Trade Agreement (including the Dominican Republic), the South African Customs Union, and Australia. MAC continues to support ongoing Free Trade Area negotiations with Bahrain, Thailand, and the Andean countries. MAC specialists are also heavily involved in multi-lateral negotiations for the Free Trade Agreement of the Americas as well as the Doha Round of the World Trade Organization. MAC's support of and participation in trade negotiations has grown dramatically, and will remain at a high level through FY 2006.

MAC's regional units – Africa, the Middle East and South Asia; Asia and the Pacific; Europe (including Russia and the Newly Independent States); and the Western Hemisphere (including the North American Free Trade Agreement (NAFTA) -- work directly with individual U.S. firms facing trade barriers. To investigate allegations of trade agreement violations and market-distorting practices, MAC has established a new Investigations and Compliance Unit. The unit consists of investigators and trade compliance analysts with background in investigative procedures, and experience developing cases for enforcement action. Through the rigorous investigation of trade compliance cases, the unit will level the playing field for U.S. exporters by aggressively pursuing enforcement actions in areas that significantly impact trade access for U.S. firms, such as intellectual property rights (IPR). Additionally, the unit will improve coordination efforts with law enforcement agencies to aid in the identification of illegal trade practices internationally. The increased focus on compliance will enhance MAC's efforts to curb piracy and actions that violate U.S. trade agreements or distort markets to the disadvantage of American manufacturers and other sectors of the U.S. economy.

MAC devises strategies for remedying broad market access deficiencies, such as restrictive standards and other regulatory measures designed to keep U.S. exports out of foreign markets. Using a variety of tools and techniques from direct bilateral discussion to formal, regional consultative mechanisms, MAC coordinates U.S. efforts to implement market access strategies. MAC's regional units also participate in international trade conferences, events, and missions to assess trade barriers, combat threats to impede free trade, and develop trade opportunities for U.S. exports.

MAC has significantly expanded its tools and activities in aggressively combating non-tariff barriers imposed on U.S. firms. For example, MAC placed four permanent, full-time compliance officers in Brussels (EU), China, and Japan to work on-the-ground in resolving the most difficult trade compliance and market access problems for U.S. firms. These specialists have immediate access to foreign government officials in order to resolve compliance cases, as well as monitor laws and regulations that may impede U.S. exports to these markets.

MAC's Trade Compliance Center (TCC), located in the Herbert C. Hoover Building in Washington, D.C., works in close collaboration with country and regional experts to monitor foreign governments' implementation of trade agreements signed with the U.S. to identify any compliance problems. The TCC obtains information directly from U.S. businesses, MAC regional units, other Department of Commerce units, and U.S. embassies regarding potential failures by foreign governments to implement and adhere fully to agreements. Once a problem is identified, a case is initiated and the TCC staff puts together a team of industry, country and issue experts to resolve compliance problems without having to resort to lengthy, formal dispute settlement procedures. TCC staff work cooperatively with the industry experts in the MAS program if the issue does or potentially could affect the entire industry, and also with appropriate IA offices when illegal subsidies by foreign governments and/or dumping by foreign companies is suspected. When compliance cannot be attained in this manner, the TCC works with the USTR Trade Enforcement Center to develop effective cases for formal dispute settlement through the WTO, NAFTA, or by other means. MAC's specialists contribute to regular reports on possible compliance violations for use by USTR and other agencies.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

MAC is oriented to help small and medium-sized enterprises (SMEs) that lack the resources to determine their rights under U.S. trade agreements. MAC recognizes that many U.S. firms, especially SMEs, may not be aware of their rights under trade agreements signed by the United States, nor are they aware of the assistance the U.S. government can provide in resolving their trade problems. Over the past few years, MAC has implemented an aggressive outreach program to U.S. businesses and industry associations across the country. In FY 2004, senior MAC representatives visited more than 12 cities in 10 states, including important business centers in Alabama, Ohio, Texas, New Mexico, Pennsylvania, and Michigan. These visits are designed to alert businesses to the assistance MAC can provide in overcoming trade barriers, as well as how ITA can assist companies enter new markets. MAC participates in manufacturing roundtables during these missions, as well as giving speeches and information sessions on exporting and compliance. This initiative also provides MAC's specialists with insight into the local business community and new trade barriers that may be plaguing U.S. firms.

Companies are encouraged to use MAC as the U.S. government assistance source when they need to combat unfair barriers to trade. MAC's TCC maintains a trade agreements database on the Internet (www.tcc.mac.doc.gov) that explains U.S. trade agreements and enables companies to compare the market access they are receiving with what they should be receiving. Thus, they are in a better position to identify probable violations or failure to implement agreements. U.S. businesses can then register complaints regarding market access barriers at this site, thereby initiating an investigation by MAC's specialists.

MAC is actively engaged in trade-related programs around the world that enhance commercial and strategic interests of the United States and for U.S. firms. For example, MAC runs the Iraq and Afghanistan Task Force, which is staffed by an interdisciplinary team of trade specialists from across ITA. The mission of this unit is not only to assist in the reconstruction efforts for these two countries – thereby supporting the development of stable governments and economic growth – but also to pave the way for increased U.S. participation in these markets. MAC's experts in trade agreements and international trade regulations are working to create a fair and open framework of trade policy in Iraq and Afghanistan. At the same time, trade promotion and commercial development experts are working to uncover opportunities for U.S. firms in Iraq and Afghanistan, increasing the overall level of trade and promoting economic prosperity for the United States and the region.

Global piracy and lack of effective enforcement of intellectual property rights (IPR) causes widespread economic damage in both the United States and abroad and has resulted in the Strategy Targeting Organized Piracy (STOP) initiative. It is estimated that income generated by U.S. recording artist, motion picture, and other copyright industries accounts for over \$535 billion in GDP annually, and U.S. employment of 4.7 million workers (3.5 percent of total U.S. workforce). Foreign sales and exports by copyright industries continue to be a driving force in long-term economic growth. However, through the piracy of records and music, motion pictures, and other media, U.S. firms lost an estimated \$10 billion of trade revenues in 2003 - a trend that shows no sign of slowing down around the world. China is of particular concern as there continues to be serious shortcomings in basic IPR protection even after more than two years since their WTO accession. Also, in February this year, the Department of Commerce called on the Philippines to increase their protection of intellectual property in response to a loss of \$116 million of revenue in FY 2003.

MAC works closely with U.S. industry, trade associations, and foreign officials to halt the scourge of piracy and ensure that intellectual property rights are respected and enforced by other governments. For many countries this process starts with negotiating strong IPR rules in bilateral free trade agreements. MAC also utilizes existing international accords and ongoing multilateral negotiations on copyright protection to hold signatory countries to their obligations in ensuring enforcement of IPR laws. Furthermore, MAC's new Investigation and Compliance unit will seek out IPR violations abroad and present specific evidence of abuse, forcing action by foreign governments to enforce their laws.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

SUMMARY OF WORKLOAD AND PERFORMANCE DATA

	FY 2003 <u>Actual</u>	FY 2004 <u>Actual</u>	FY 2005 <u>Estimate</u>	FY 2006 <u>Estimate</u>
Performance Goal: Ensure Fair Competition in International Trade⁹				
Number of market access and trade compliance cases initiated	144	161	160 to 170	150 to 160
Number of market access and trade compliance cases concluded	158	116	75 to 85	80 to 90

⁹ Measures listed under this goal appear in the annual performance plan.

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration
Subactivity: Import Administration

		2004		2005		2006		2006		Increase/	
		Actual		Currently Available		Base		Estimate		(Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Performance Goal											
Ensure Fair Competition in International Trade	Pos./Gross BA	481	67,541	444	63,708	480	64,134	480	64,134	0	0
	Pos./Net BA	481	67,541	444	61,708	480	62,134	480	62,134	0	0
	FTE/OBL.	352	69,105	442	61,741	442	64,134	442	64,134	0	0
Direct Obligations											
	Pos./Gross BA	481	67,541	444	63,708	480	64,134	480	64,134	0	0
	Pos./Net BA	481	67,541	444	61,708	480	62,134	480	62,134	0	0
	FTE/OBL.	352	69,105	442	61,741	442	64,134	442	64,134	0	0

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

JUSTIFICATION OF PROGRAM AND PERFORMANCE
IMPORT ADMINISTRATION

Safeguarding American Industries and Jobs against Unfair Trade

Department of Commerce Goal 1

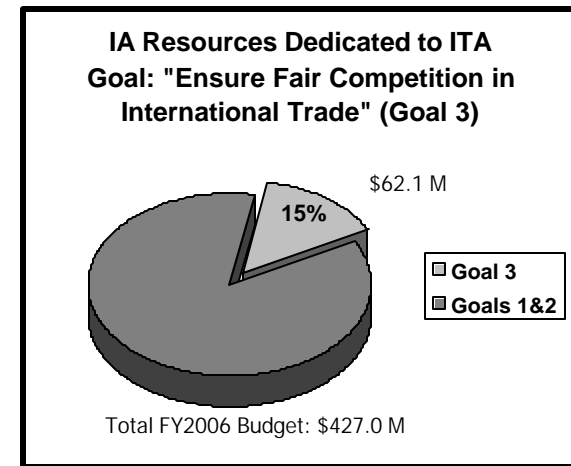
Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

Mission and Goals for FY 2006

Import Administration's (IA) mission is to take prompt, aggressive action against unfair trade practices by enforcing the U.S. trade laws and agreements negotiated to address sector-specific, trade-distorting practices.

IA achieves its mission and goals by:

- Conducting antidumping (AD) and countervailing duty investigations (CVD), administrative reviews, sunset reviews within statutory time limits, and negotiate and administer suspension agreements;
- Supporting negotiations of trade remedy disciplines and the codes governing the conduct of AD/CVD investigations;
- Implementing new proactive trade enforcement activities, including textile safeguard actions in respect to China's WTO Accession Agreement;
- Administering textile commercial availability ("short-supply") provisions, wool fabric tariff rate quotas, and other provisions of U.S. preferential agreements; and
- Managing and supporting the Foreign Trade Zones (FTZ) Program and Statutory Import Programs Staff (SIPS) programs.



Import Administration activities support the ITA-wide strategic goal titled "Ensure Fair Competition in International Trade."

Base Program

IA is committed to strong enforcement of U.S. trade laws. IA defends American industry against injurious trade practices by administering efficiently, fairly, and in a manner consistent with U.S. international obligations, the antidumping (AD) and countervailing duty (CVD) laws of the United States. AD/CVD laws provide domestic industries the opportunity to file petitions for relief from unfair foreign trade practices, such as dumping and subsidization of imports into the U.S.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

In FY 2004, IA combined all antidumping and countervailing duty casework under one Deputy Assistant Secretary for AD/CVD Operations, and established a Deputy Assistant Secretary for Policy and Negotiations. An enlarged AD/CVD Enforcement Office has been dedicated exclusively to cases concerning imports from China. This dedicated China Compliance Office has enabled IA to further cultivate the expertise necessary to address the unique trade problems with China. The China Compliance Office specializes in enforcing U.S. trade laws against Chinese producers and exporters selling their merchandise in the United States at less than fair market value. Such enforcement ensures a level playing field for the U.S. manufacturers, in particular small and medium producers. The analysts and specialists assigned to this office are trained investigators and are supported by attorneys, accountants and Customs liaison teams in the Import Administration. They are assigned to specific Chinese producers and exporters and conduct antidumping investigations, administrative reviews and other proceedings related to Chinese exports to the United States. Ten to fifteen percent of the analysts have the ability to speak Chinese. They will be part of on-site verification teams on key investigations, in addition to interpreters. The Trade Remedy Compliance staff in Beijing coordinates the logistics of conducting these verifications. As the Office of China/non-market economy (NME) Compliance expands toward its full size, it will absorb the bulk of the approximately 59 cases that were active in FY 2004. Some of these cases were extraordinarily complex and resource intensive, for example, the ongoing furniture investigation required about nine dedicated analysts. Through this office, IA is further cultivating the expertise necessary to address the unique problems encountered in trade from China, such as irregular financial reporting, fraudulent filings, opaque company relations, and close ties to local and provincial governments. IA has strengthened its ability to deal with the unique problems and issues encountered in antidumping investigations and reviews of merchandise exported from China and other NME countries.

U.S. firms have benefited from consolidating both AD and CVD case processing under one Deputy Assistant Secretary position. It has ensured that one principal individual in IA has broad knowledge of both the dumping and subsidization aspects of unfair trade. This is particularly germane for cases in non-market economies, like China, where the lines between government and private industry are blurred. We are acutely aware of and sensitive to the conditions facing the U.S. textile and apparel industries. The 2004 reprogramming that transferred textile program functions to Import Administration reinforces the priority the Department of Commerce has placed on textile enforcement activities, an area essential to maintaining competitiveness of this industry. Textile enforcement is closely related to the overall role and responsibilities of Import Administration and the transfer to IA will assist textile staff in carrying out their enforcement role.

The Deputy Assistant Secretary (DAS) for Textiles and Apparel has an array of responsibilities with respect to ensuring fair trade and a level playing field for the U.S. fiber, textile, and apparel industries. The DAS seeks and evaluates industry views on international trade issues affecting the textile and apparel industries; formulates textile policy positions on proposed trade agreements and legislative initiatives; participates in multilateral and bilateral agreement negotiations; administers provisions of U.S. trade agreements and preference programs, such as commercial availability ("short supply") provisions, wool fabric tariff rate quotas, handloom/folklore, and other provisions; and chairs the interagency Committee for the Implementation of Textile Agreements (CITA) which sets policy on textile safeguard actions, actions against illegal transshipment, and other textile related issues. The DAS works closely with IA's China Compliance/NME Office to ensure coordinated and well-supported positions on textile related matters.

IA counsels U.S. industries that are considering filing AD or CVD petitions. IA staff meet with industry representatives in Washington or at the industry's offices or factories; educate the industry representatives about the requirements of the AD/CVD laws; review information provided by the industry; and advise whether additional information is necessary to justify the initiation of an investigation. IA staff provide counseling to small U.S. businesses, which are less able to afford legal counsel, but are considering submitting AD/CVD petitions. In addition, considerable resources are expended in counseling larger businesses and their legal counsel at the pre-petition phase of an investigation.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Major program activities under this law include:

- Analyzing petitions from domestic industries alleging unfair foreign trade practices;
- Conducting investigations of alleged foreign trade practices when warranted by petitions from domestic industries;
- Issuing orders to the U.S. Customs Service and Border Patrol to adjust tariff rates to provide relief to domestic industries when dumping or subsidization has been found and domestic industry has been injured; and
- Conducting administrative reviews of such AD/CVD orders in subsequent years as requested by domestic and foreign parties, as well as, conducting sunset reviews.

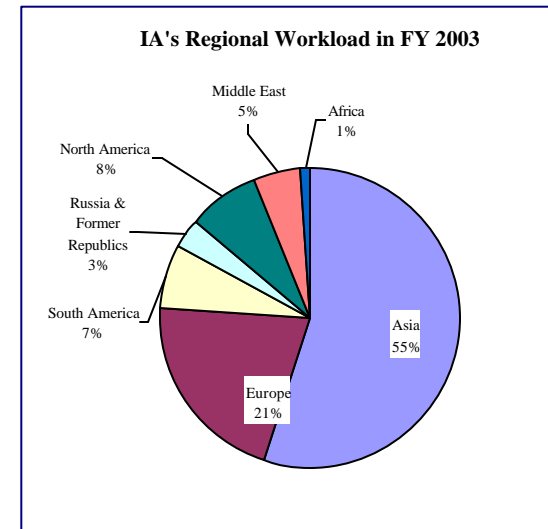
IA conducts the initial investigation under the AD/CVD laws when there is reason to believe imports are being unfairly subsidized or sold in the U.S. at less than fair market value. Each investigation must be completed within strict statutory deadlines, and the investigations vary widely in terms of scope and complexity. Each investigation requires:

- Intensive analysis of information provided by the petitioning U.S. industry to determine whether an investigation should be initiated;
- Preparation of extensive questionnaires, to be answered by the relevant foreign governments and/or industry, which seek information about foreign government programs available to firms, and the individual firm's prices and costs;
- Analysis of responses to the questionnaires and verification of such responses on-site in the foreign country at the relevant government and/or industry offices;
- Calculation of estimated subsidy or dumping margins; and
- Preparation of preliminary and final determinations, including *Federal Register* notices that explain each determination and discuss various aspects of the investigation.

When the results of a final determination are challenged in the Court of International Trade (CIT), IA staff provide support to the Chief Counsel for IA and the Justice Department. If a case is remanded to IA by the CIT, the investigation is re-conducted in accordance with the Court's instructions.

IA plays the lead role in developing guidance, including regulations, to implement changes to AD/CVD practices. IA is responsible for coordinating multilateral subsidies enforcement efforts, which focus on assisting the private sector by monitoring foreign subsidies and identifying subsidies that can be remedied under the WTO Subsidies Agreement. The number of subsidy issues brought to IA's attention by the U.S. exporting community continues to increase. A major initiative of these efforts has been the monitoring of the economic policies of Korea, Indonesia, and Thailand in response to the Asian financial crisis; ensuring compliance with the subsidy-related conditions of the International Monetary Fund (IMF) rescue package; and uncovering potential subsidy programs that are actionable under U.S. countervailing duty law or the WTO. Other significant activities include:

- Policy development and coordination for numerous anticipated AD/CVD case filings;
- Defense of U.S. AD/CVD decisions before the relevant WTO Committees and in consultations with affected foreign governments;
- Technical advice on AD/CVD issues in various bilateral and multilateral trade initiatives;



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

- Assistance to U.S. exporters subject to foreign AD/CVD actions, including challenges to such actions in the appropriate fora; and
- Support to negotiations on Free Trade Agreement of the Americas (FTAA).

As directed by Congress, IA's activities under the Trade Compliance Initiative (TCI) include a rigorous overseas program. In conjunction with MAC's effort under TCI, this multi-faceted initiative provides a robust and comprehensive approach to trade enforcement and market access issues confronting U.S. industry. Under the TCI, IA's role in the Overseas Compliance Program is targeted at increasing the effectiveness of U.S. trade laws as well as monitoring compliance with trade agreements through the deployment of specialized officers to countries, such as China, and Korea and various other countries where and when needed, to:

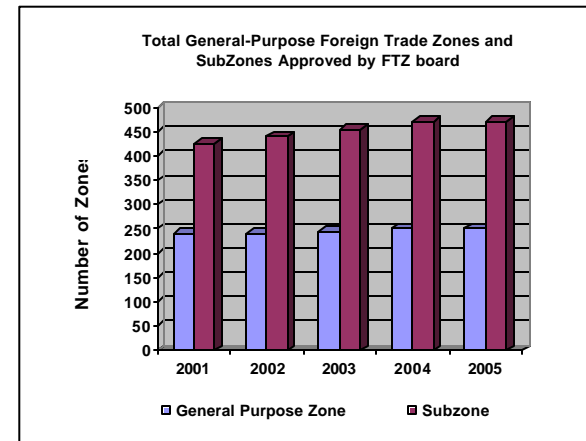
- Conduct on-site research regarding subsidies and other market distorting practices;
- Perform on-site verification of data submitted by foreign companies and countries in AD/CVD investigations and administrative reviews;
- Focus on educating foreign companies and government officials on the intricacies of the complex U.S.AD/CVD trade laws;
- Conduct immediate product and industry research as well as on-site feasibility assessment, to support headquarters management during AD/CVD suspension agreement negotiations; and
- Conduct marketing studies to support the Administration's efforts to address industry-specific import surge situations.

Also as part of the TCI, IA is studying and evaluating the trade practices of China and Japan in order to provide consistent remedial relief to U.S. industry and to proactively identify specific trade practices, which can lead to larger trends and impacts on U.S. industries. With resources provided under TCI, IA continues to focus on the continuing need to:

- Monitor import surges brought about by sudden international economic changes;
- Expedite AD/CVD investigations when warranted by import surges; and
- Further strengthen our subsidies enforcement activities.

Secretary Evans, in his speech before the Detroit Economic Club on September 15, 2003, specifically addressed inequitable trade practices, "Americans are willing to compete, on even terms, with any country in the world but we will not stand for unfair competition." IA has established the Unfair Trade Practices Team that will track, detect, and confront unfair trade competition to help improve the manufacturing sector. IA staff monitors economic data from global competitors and vigorously investigates evidence of unfair practices. The Team has also developed policy initiatives that address the root causes of unfair trade and mitigate the need to resort to unfair trade laws.

IA administers the Foreign Trade Zones (FTZ). The FTZ staff serves as the operational arm of the FTZ Board, an interagency body chaired by the Secretary of Commerce. The Board was established to license (grants of authority) and regulate foreign trade zones (customs free zones), under the FTZ Act of 1934 (19 U.S.C. 81) and the Board's regulations (15 CFR 400). Zones are sponsored by public or public type corporations, with some operated by private corporations under agreement with licensees. The Act's public utility requirement calls for reasonable and non-discriminatory rates. As of the end of FY 2003, there were 243 zones and 450 sub-zones in the United States employing over 300,000 persons. The volume of exports leaving U.S. foreign-trade zones amounted to \$15.6 billion in FY 2002 and an estimated \$16 billion in FY 2003. During FY 2003, the Board completed 64 formal applications reviews, and 72 administrative



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

applications. The formal applications approved included three for new general-purpose zones (GPZ) projects, 29 for expansions of existing GPZ's and 18 for new sub-zones. Thirteen other applications were processed but were suspended prior to final action. In reviewing new manufacturing in zones and sub-zones in terms of the public interest, the Board evaluates the net economic effect of proposed operation, and manufacturing considering such factors as: public policy, import penetration, export development, employment impact, and impact on domestic industry. Zone savings are designed to help improve the international competitiveness of U.S. industries. States and local communities use zones as an element of their economic development efforts. FTZ activity is monitored for compliance with application scope and compliance with FTZ Board grant restrictions.

IA also administers the Statutory Import Program Staff, (SIPS) which is responsible for administering specific import laws. SIPS administers and regulates the Insular Watch Assembly Program authorized by P.L. 97-446, as amended by P.L. 103-465; the Insular Possessions Jewelry Program authorized by P.L. 106-36; and the Educational Scientific and Cultural Materials Importation Act (Florence Agreement), authorized by P.L. 89-651. The insular Watch Assembly Program provides duty-exemption allocations for watches and watch movements entering the U.S. and duty-refund benefits, based on creditable wages, to watch producers located in the U.S. Insular Possessions (Virgin Islands, Guam, American Samoa, and the Northern Marianas Islands). The Insular Possessions Jewelry Program provides a duty-refund benefit, based on creditable wages to jewelry manufacturers located in the Insular Possessions. The Florence Agreement Program implements U.S. treaty obligations under Annex D of the UNESCO sponsored Florence Agreement by determining whether scientific instruments imported into the U.S. by non-profit institutions qualify for duty-free entry. This program allows the duty-free flow of scientific instruments to universities and other non-profit institutions to encourage research and education, as long as equivalent scientific instruments are not being produced in the U.S. The staff also record and tabulate data on the duty-free entry of articles for the handicapped under Annex E (ii) of the Nairobi Protocol in accordance with the safeguard provision of P.L. 100-418, as amended by P.L. 100-647. The safeguard provision allows U.S. companies or industries to petition to have the duties reinstated if a U.S. company or industry is being adversely impacted by the duty-free entry of certain articles for the handicapped. SIPS also provides input on trade policy issues involving watches, jewelry, scientific instruments and articles for the handicapped.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

SUMMARY OF WORKLOAD AND PERFORMANCE DATA

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Performance Goal: Ensure Fair Competition in International Trade				
Percentage of AD/CVD Cases Completed on Time (Annual Performance Plan Measure)	100%	100%	100%	100%
Enforcing the AD and CVD Laws:				
New AD/CVD Petitioners Counseled by IA Staff	142	142	142	142
Continued Counseling Sessions by IA Staff Provided to AD/CVD Petitioners	148	148	148	148
AD/CVD Investigations Conducted	20	19	19	19
New AD/CVD Orders Issued to U.S. Custom Service to Change Tariff Rates	21	21	21	21
Existing AD/CVD Orders Reinvestigated Through Administrative Review	139	110	110	110
Existing AD/CVD Orders Examined Through Sunset Review	12	46	142	142
New FTZ Board Actions and Orders Issued	72	58	66	66
FTZ Administrative (non-Board) Actions	73	80	84	84
Value of Exports (\$ Billion)	16	17	17	17
U.S. Jobs Supported by FTZs	330,000	340,000	340,000	340,000
Administering Certain Statutory Import Programs:				
Duty-Free Applications Processed	55	60	60	60
Duty-Free Entries Monitored	5,600	6,000	6,000	6,000
Value of Duty-Free Scientific Equipment Imported and Made Available to U.S. Non-Profit Education/Research Institutions (\$ Million)	28	40	45	45
Value of Duty Articles Imported to Improve Quality of Life for Disabled (\$ Million)	320	360	400	400

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration

Subactivity: Trade Promotion and US & Foreign Commercial Service

		2004		2005		2006		2006		Increase/ (Decrease)	
		Actual		Currently Available		Base		Estimate		Personnel	Amount
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount		
Performance Goal											
Expand U.S. Exporter Base	Pos./Gross BA	1,070	212,576	1,506	219,475	1,506	231,722	1,506	231,722	0	0
	Pos./Net BA	1,070	212,576	1,506	213,475	1,506	220,722	1,506	220,722	0	0
	FTE/OBL.	1,254	224,801	1,386	216,061	1,386	231,722	1,386	231,722	0	0
*Direct Obligations											
	Pos./ Gross BA	1,070	212,576	1,506	219,475	1,506	231,722	1,506	231,722	0	0
	Pos./Net BA	1,070	212,576	1,506	213,475	1,506	220,722	1,506	220,722	0	0
	FTE/OBL.	1,254	224,801	1,386	216,061	1,386	231,722	1,386	231,722	0	0

*Total Budget Authority excludes additional fees (\$13 M in FY 2004 for TP/US & FCS) which are reflected in Exhibit 6, Summary of Reimbursables.

DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget

JUSTIFICATION OF PROGRAM AND PERFORMANCE
TRADE PROMOTION AND U.S. AND FOREIGN COMMERCIAL SERVICE PROGRAM

Trade Promotion: America's Global Business Partner

Department of Commerce Goal 1

Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

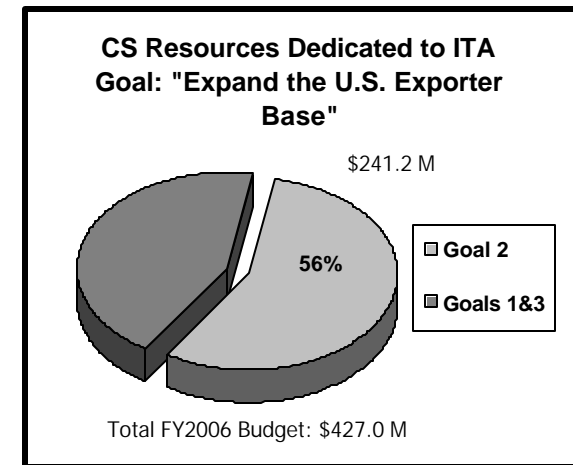
Mission and Goals for FY 2006

The statutory mission of Trade Promotion and the U.S. & Foreign Commercial Service [Commercial Service (CS)] is to "place primary emphasis on the promotion of goods and services from the United States, particularly by small and medium-sized enterprises (SMEs), and on the protection of U.S. business interests abroad."¹⁰ The CS' vision is to be the best source of customized solutions for U.S. business to compete and win in the global marketplace.

The CS' mission supports the ITA-wide goal titled "Expand the U.S. Exporter Base." The CS achieves its mission and goals by:

- Expanding the number of U.S. companies that export;
- Expanding the number of U.S. companies that export to more than one country; and
- Assisting traditionally under-served clients.

In FY 2004, the CS facilitated 14,090 export transactions, of which 89 percent were for small-and-medium-sized exporters (SMEs). Of the 14,090 transactions supported, 6 percent were exporting for the first time, and 45 percent were exporting to new markets. The 14,090 export transactions are a 52 percent increase from FY 2000. The CS' focus on traditionally under-served communities resulted in over 900 transactions for rural companies, almost 300 transactions for minority-owned businesses, and 250 transactions for women-owned businesses (see table 1). The CS achieved these performance improvements despite an 8 percent decrease in staffing between FY 2001 and FY 2003. As a long-term measure, CS plans to increase the number of export transactions facilitated to 16,000 by FY 2007, a 43 percent increase over FY 2001. ITA is working to improve its customer management systems to accommodate an increasing client base and ensure continued high-quality services.



¹⁰ Source: The Omnibus and Competitiveness Act of 1988.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Base Program

CS fulfills its mission through a unique global network of trade professionals located in over 250 offices domestically and internationally. CS coordinates its efforts with state, local, and other federal agency partners through memoranda of understanding to multiply its impact and ensure no overlap in services. By co-locating with U.S. government agencies in one place, we seek to provide our customers with one-stop shopping for services.

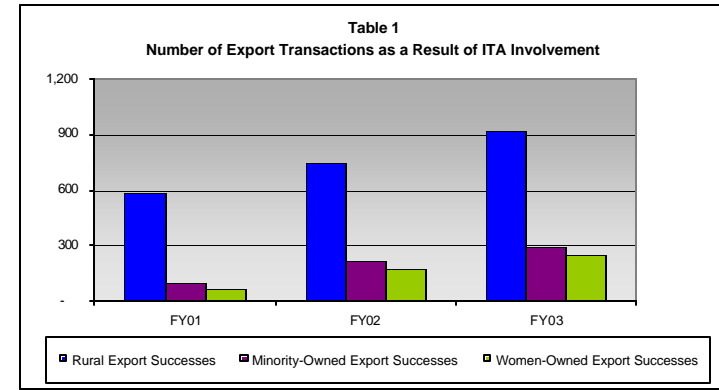
CS dedicates resources to capitalize on high export-activity areas identified by trade patterns; facilitate outreach to traditionally under-served rural and minority communities; coordinate with multiplier organizations,¹¹ and ensure adequate support for compliance, advocacy, and policy initiatives. These activities are organized into international and domestic-field offices.

In FY 2004, as a result of the ITA reorganization, CS' portfolio of services was strengthened with the addition of the Business Centers for the Middle East and China. Additionally, in FY 2004 CS opened an office in Baghdad, Iraq, to support Middle East reconstruction. On the domestic front, the headquarters operation continues to house the TIC, which serves as a call center to manage requests from clients.

To ensure adequate support for domestic and international operations, the CS headquarters includes a Global Trade Programs (GTP) office, which houses crosscutting services (e.g., trade event and market-research management, industry-specific and regional teams), and the Advocacy Center (AC), which coordinates advocacy for the life of a project, including early-project development, to help U.S. exporters win foreign-government procurements. To support these program-delivery offices, headquarters also dedicates staff for marketing, customer-relationship management, and professional development.

CS is currently focused on six initiatives:

- The American Trading Center (ATC) initiative reaches additional large provincial markets in China;
- The Secretary's Standards Initiative incorporates training for CS staff in the field to identify and help firms overcome standards barriers in international markets;
- The African Growth and Opportunities Act (AGOA) initiative expands CS operations in sub-Saharan Africa with an additional office in Senegal, established in FY 2004;
- The Global Diversity Initiative and the Rural Export Initiative (GDI and REI) target traditionally under-served communities. GDI takes minority firms through a comprehensive export-training course. Over 200 minority/women-owned firms have graduated from the course. REI ensures better access to export-assistance programs for rural companies; and
- The Business Information Center (BIC) initiative includes business centers for China and the Middle East located in Washington, D.C. that provide current information and opportunities in these markets. The BICs are built on the successful models established in Central and Eastern Europe and in the Newly Independent States.



¹¹ More than 2/3 of domestic offices are co-located with other federal, state, and local partners to provide clients access to one-stop shops and prevent duplication of services. Many of these organizations provide the continua of services to ensure all clients' needs are met (e.g., from how to start a business, to how-to-export seminars, to sophisticated federal export -finance assistance).

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

The CS provides an array of services and customized solutions to help U.S. companies export goods and services:

Export Promotion

- *Counseling*, which provides clients reliable advice on developing export-marketing plans, product pricing, best prospects, market entry, distribution channels, export financing, and the range of public and private assistance, including support for all other federal trade-promotion services;
- *Market intelligence*, which includes alerts about export opportunities created through international trade agreements and negotiations, and industry- and market-specific research; and
- *Matchmaking*, which includes identifying qualified overseas agents, distributors, and other partners and end users; market-sensitive trade events; and reverse-business forums.

Advocacy

- *Interagency efforts*, which includes assessing advocacy requests, providing overseas government-to-government advocacy, and supporting other trade-related agencies (e.g., State Department, U.S. Trade Representative, Export-Import Bank, Overseas Private Investment Corporation, and the Trade Development Agency);
- *Major projects*, which includes identifying major overseas projects and procurement opportunities (including those funded by multilateral development banks), alerting U.S. firms to these opportunities, and advocating on behalf of U.S. firms bidding on projects; and
- *Finance*, which includes working with trade-finance agencies to help U.S. companies successfully bid on major projects.

Compliance

- *Trade barriers*, which includes working with ITA's compliance offices and the USTR to identify and resolve barriers affecting SMEs and ensuring overseas compliance with trade law and regulations;
- *Public outreach*, which identifies overseas market access, dumping, and subsidy problems, and works with ITA compliance offices for resolution; and
- *Analysis*, which identifies violations and access problems, and feeds information to headquarters for coordination and policy direction.

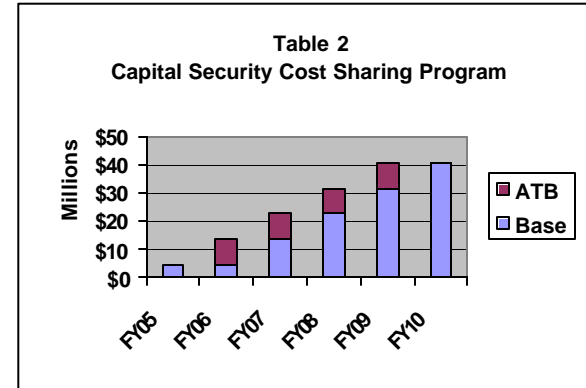
The CS uses three e-commerce tools to help U.S. business evaluate new overseas markets and take advantage of foreign sales opportunities:

- Export.gov, ITA's export portal, which provides the public information on export markets, including business opportunities, regulatory issues, and trade policy;
- ITA Ourplace (e-Menu), an intranet site, which supports the management of ITA products and services, personnel and financial tracking, and ITA's knowledge-management system, known as the "DOC Insider"; and
- Lotus Notes databases, which provide an international data-sharing tool and e-mail system.

The CS supplements core e-commerce tools with worldwide videoconferencing, designed to lower the cost of doing business for U.S. SMEs, and instant Internet meetings to improve coordination, improve training opportunities, and lower travel costs.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

The CS has a large overseas presence within its Office of International Operations and the majority of its offices are located in U.S. Consulates and Embassies. The Department of State (DOS) plans to build 155 new embassy compounds over a 14-year period for a total of \$17.5 billion. Under the Capital Security Cost Sharing Program (CSCSP), all agencies represented in embassies will be charged on a worldwide per capita basis: \$59,318 per controlled access employee and \$28,144 per non-controlled access employee. The CS's share for FY 2006 will be approximately \$13.6 million including rent offsets. CSCSP is scheduled to begin in FY 2005 with a low funding rate and then increase progressively through FY 2010 until it reaches approximately \$40.7 million (see table 2). It will continue at the FY 2010 rate through FY 2018. Without these requested funds, ITA would have to significantly reduce its overseas presence.



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

Summary of Workload and Performance Data

	FY 2003	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
ITA Performance Goal: Expand and Deepen the U.S. Exporter Base ¹²				
Number of export transactions made as a result of ITA involvement	14,090	11,382	11,385 to 13,500	11,385 to 13,500
Number of U.S. firms exporting for the first time	896	704	700 to 850	700 to 850
Number of U.S. exporters entering a new market	6,278	4759	4,760 to 5,500	4,760 to 5,500
Percentage of programs that are fee funded	New	1%	2%	3%
Percentage of undertaken advocacy actions completed successfully	10%	13%	12% to 15%	12% to 15%
Performance Measure by Initiative				
Number of SMEs export transactions	12,510	10,148	11,163-11,772	11,163-11,772
Number of rural-owned business export transactions	924	615	677-713	677-713
Number of minority-owned business export transactions	288	158	174-183	174-183
Number of women-owned business export transactions	250	151	166-175	166-175

¹² Measures listed under this performance goal appear in the Annual Performance Plan as short and long term measures.

PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration
Subactivity: Executive Direction/Administration

		2004		2005		2006		2006		Increase/	
		Actual		Currently Available		Base		Estimate		Decrease	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Performance Goal											
Strengthen U.S. Industries	Pos./Gross BA	25	3,202	22	3,336	22	3,357	22	3,357	0	0
	Pos./Net BA	25	3,202	22	3,336	22	3,357	22	3,357	0	0
	FTE/OBL.	19	3,353	22	3,336	22	3,357	22	3,357	0	0
Expand U.S. Exporter Base	Pos./Gross BA	111	14,287	96	14,883	96	14,976	96	14,975	0	0
	Pos./Net BA	111	14,287	96	14,883	96	14,976	96	14,975	0	0
	FTE/OBL.	83	14,960	96	14,883	96	14,976	96	14,975	0	0
Ensure Fair Competition in International Trade	Pos./BA	56	7,144	48	7,442	48	7,488	48	7,488	0	0
	Pos./BA	56	7,144	48	7,442	48	7,488	48	7,488	0	0
	FTE/OBL.	41	7,480	48	7,442	48	7,488	48	7,488	0	0
Direct Obligations											
	Pos./Gross BA	192	24,633	166	25,661	166	25,820	166	25,820	0	0
	Pos./Net BA	192	24,633	166	25,661	166	25,820	166	25,820	0	0
	FTE/OBL.	143	25,793	166	25,661	166	25,820	166	25,820	0	0

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

**JUSTIFICATION OF PROGRAM AND PERFORMANCE
EXECUTIVE DIRECTION AND ADMINISTRATION**

Supporting Trade Through Leadership and Effective Resource Management

Department of Commerce Goal 1

Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

Mission and Goals for FY 2006

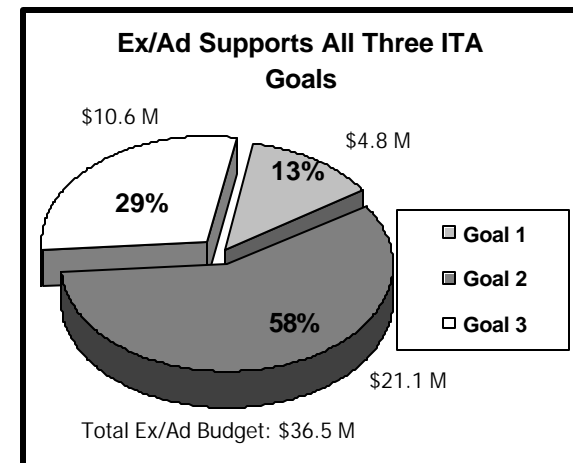
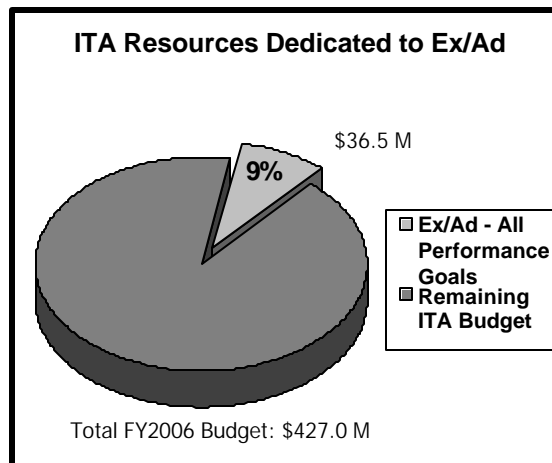
The mission of the Executive Direction and Administration (Ex/Ad) unit is to achieve U.S. trade expansion and economic growth through leadership, well conceived policy guidance, and efficient and effective management of International Trade Administration (ITA) resources. In FY 2006, Ex/Ad will provide the necessary support services, program oversight, and overall policy leadership to allow ITA program units to operate at their full potential. It will continue to make technological improvements to its systems and provide IT solutions in order to help make ITA's services seamless and ITA's processes more efficient.

Ex/Ad supports all three ITA-wide strategic goals:

- Goal 1 - Strengthen U.S. Industries
- Goal 2 - Expand the U.S. Exporter Base
- Goal 3 - Ensure Fair Competition in International Trade

Base Program

The Ex/Ad program includes offices under the Under Secretary of International Trade, the Chief Financial Officer and Director of Administration, and the Chief Information Officer. Programs and issues concerning trade administration, commercial policy, and trade development are coordinated with the Department of Commerce, ITA customers and stakeholders, trade organizations, foreign entities, and federal, state and local governments through the Office of the Under Secretary and Deputy Under Secretary for



**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

International Trade, the Office of Legislative and Intergovernmental Affairs (OLIA), and the Office of Public Affairs (OPA). For example, Executive Direction represents ITA on the National Economic Council Deputies, and the Trade Policy Review Group, and the office serves as ex-officio member of the Board of the Export-Import Bank of the U.S., and on other Secretarial-level boards, committees or panels for which the primary focus is international trade. In addition, the Under Secretary's Office houses the Secretariat of the Trade Promotion Coordinating Committee (TPCC), which is chaired by the Secretary of Commerce. The TPCC is composed of 19 federal agencies, which work to coordinate and streamline trade promotion and financing services. It also develops and implements a government-wide strategic plan for federal trade promotion efforts, and annually submits a National Export Strategy report to Congress. OLIA acts as a liaison to the U.S. Government's legislative branch. Through its work, OLIA informs Congress of the important successes ITA makes and keeps ITA aware of new, trade-related legislative initiatives. OPA broadcasts ITA's services and successes to the appropriate press and business audiences in the U.S. and around the world. OPA publishes a monthly magazine, Export America, which highlights ITA's efforts, its clients' successes, and provides a resource for small and medium-sized enterprises interested in exporting.

In addition, the Office of the Chief Financial Officer and Director of Administration, the Office of Financial Management, the Office of Organization and Management Support, and the Office of Human Resources Management oversee the agency resources and measure program performance to maintain ITA's superior efforts. These offices provide services and manage the administrative aspects of ITA, and thus ensure that the needs of ITA clients and employees are fulfilled. ITA understands the importance of using reliable and accurate financial data, and the ability of this data to the organization.

ITA's Executive Direction and Administration unit also contributes to ITA's efforts in providing advanced, technical solutions to trade. The Office of the Chief Information Officer provides centralized strategic and operational management of Information Technology (IT) resources, maximizing information control and security on a global basis and overseeing platform standardization, training and life cycle management. In addition, the Office of the Chief Information Officer oversees the administration of ITA's Internet portal Export.gov (www.export.gov). By providing the necessary IT tools and maintenance, the CIO provides a link that customers around the world may use to research trade issues, understand trade agreements and become knowledgeable about the export process. Not only does the CIO's office provide ITA's customers with an important and useful tool to learn about exporting, and thus champion trade, but also integrates many of the facets of ITA's organizational efforts into one seamless and unified informational space.

Ex/Ad is utilizing its Centralized Training Account funds to improve the skills and understanding of its workforce. From Executive Training to technical trade law support, the training fund is helping to ensure that ITA's workforce reaches its full potential. Additionally, ITA's Commercial Officers undergo Human Rights Training that has been successful in ensuring the protection of U.S. human rights standards in the promotion of U.S. exports.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

SUMMARY OF WORKLOAD AND PERFORMANCE DATA

	FY 2003	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Customer satisfaction with ITA products and services	70	70	70	70
Level of awareness of ITA products and services	77%	77%	77%	77%
Customer perception for ease of access to export and trade information and data	74	74	74	74
Percentage of ITA's products and services provided electronically to external customers	82%	85%	Discontinued	Discontinued

**Operations and Administration
REQUIREMENTS BY OBJECT CLASS**

(Dollar amounts in thousands)

Object Class	2004	2005	2006	2006
	<u>Actual</u>	<u>Estimate</u>	<u>Base</u>	<u>Estimate</u>
11 Personnel compensation				
11 Full-time permanent	158,951	165,005	169,264	169,264
11 Other than full-time permanent	8,275	8,275	8,275	8,275
12 Other personnel compensation	4,305	4,305	4,305	4,305
12 Special personnel services payments	137	137	137	137
12 Total personnel compensation	171,668	177,722	181,981	181,981
12 Civilian personnel benefits	47,300	48,813	48,813	48,813
13 Benefits for former personnel	3,228	2,880	2,880	2,880
21 Travel and transportation of persons	19,055	19,102	19,144	19,144
22 Transportation of things	2,417	2,439	2,453	2,453
23 Rental payments to GSA	13,716	14,452	14,735	14,735
23 Commun., util., misc. charges	11,263	11,328	11,465	11,465
23 Rental payments to others	8,235	8,242	8,242	8,242
24 Printing and reproduction	1,060	1,083	1,129	1,129
25 Consulting services	9,020	1,223	2,753	2,753
25 Other services	24,941	25,641	23,714	23,014
25 Purchase of goods and services from Gov't accounts	64,165	58,923	79,001	79,001
26 Supplies and materials	5,047	5,074	5,130	5,130
31 Equipment	5,927	5,981	6,087	6,087
32 Lands and structures	0	0	0	0
33 Investments and loans	0	0	0	0
41 Grants, subsidies and contributions	16,919	16,883	2,000	2,000
42 Insurance claims and indemnities	(115)	49	49	49
43 Interest and dividends	(6)	49	49	49
81 Advances	(59)	0	0	0
44 Refunds	0	0	0	0
99 Total Direct Obligations	403,781	399,884	409,625	408,925
Less Prior Year Recoveries	(10,526)	(11,627)		
Less Unobligated balance, start of year	(69,788)			
Less Unobligated balance, cash on hand	(3,706)			
Less Unobligated balance, end of year, expiring	332			
Unobligated balance, end of year	11,627			
Rescissions	4,021			
Unobligated balance rescission	48,386			
Transfers from other accounts	(6,025)			
Total Budget Authority	378,102	388,257 ¹³	409,625 ¹⁴	408,925 ¹⁵

¹³ Does not reflect \$8M in fees for FY 2005. The FY 2005 Congressionally added on grants are not funded in FY 2006.

¹⁴ FY 2006 data differ from MAX because of better estimates.

¹⁵ FY 2006 data differ from MAX because of better estimates.

**Operations and Administration
REQUIREMENTS BY OBJECT CLASS**

<u>Object Class</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Base</u>	<u>2006 Estimate</u>
<u>Personnel Data</u>				
Full-Time equivalent Employment:				
Full-time permanent	2,007	2,443	2,443	2,443
Other than full-time permanent	110	110	110	110
Total	2,117	2,553	2,553	2,553
Authorized Positions:				
Full-time permanent	2,222	2,713	2,713	2,713
Other than full-time permanent	75	75	75	75
Total	2,297	2,788	2,788	2,788

Operations and Administration
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class	2006 Adjustments to Base	2006 Base	2006 Estimate
11 Personnel compensation			
11.1 Full-time permanent			
Executive level	12	759	759
Senior Executive Service	99	5,551	5,551
General schedule	2,091	104,058	104,058
Senior Foreign Service	78	3,946	3,946
Foreign Service Staff	606	24,486	24,486
Foreign Service Nationals	1,372	30,463	30,463
Subtotal	4,259	169,264	169,264
11.3 Other than full-time permanent			
General schedule	0	8,210	8,210
Experts & consultants	0	65	65
Subtotal	0	8,275	8,275
11.5 Other personnel compensation			
Overtime	0	305	305
Cash awards	0	4,000	4,000
Subtotal	0	4,305	4,305
11.8 Special personnel services payments			
Foreign service officers (State)	0	137	137
Other	0	0	0
Subtotal	0	137	137
11.9 Total personnel compensation	4,259	181,981	181,981

Object Class	2006 Adjustments to Base	2006 Base	2006 Estimate
12.1 Civilian personnel benefits			
Civil service retirement	0	1,521	1,521
Federal Employee Retirement	0	12,619	12,619
Thrift savings plan	0	4,316	4,316
Federal insurance contribution act	0	6,141	6,141
Health insurance	0	9,914	9,914
Life insurance	0	223	223
Employees comp fund	0	678	678
Other	0	13,400	13,400
Subtotal	0	48,813	48,813
13.0 Benefits for former personnel			
Severance pay	0	2,880	2,880
Unemployment compensation	0	0	0
Subtotal	0	2,880	2,880
21 Travel and transportation of persons			
Common Carrier	0	7,259	7,259
Mileage	0	290	290
Per diem/actual	0	7,863	7,863
Vehicular	0	169	169
Other	0	3,564	3,564
[Overseas estimates]	[0]	[10,529]	[10,529]
Subtotal	0	19,144	19,144
22 Transportation of things			
[Overseas estimates]	[0]	[701]	[701]
Subtotal	0	2,453	2,453
23.1 Rental payments to GSA	0	14,735	14,735
23.2 Rental payments to others	0	8,242	8,242

Object Class	2006 Adjustments to Base	2006 Base	2006 Estimate
23.3 Communications, utilities and miscellaneous charges			
Rental of ADP equipment	0	16	16
Rental of office copying equipment	0	0	0
Other equipment rental	0	669	669
Federal telecommunications system	0	348	348
Other telecommunications services	0	2,300	2,300
Postal services by USPS	0	764	764
Other	0	7,367	7,367
[Overseas estimates]	[0]	[6,756]	[6,756]
Subtotal	0	11,465	11,465
24 Printing and reproduction			
Publications	0	676	676
Public use forms	0	166	166
Envelopes	0	45	45
Other	0	242	242
[Payments to GA, WCF]	[0]	[600]	[600]
[Overseas estimates]	[0]	[444]	[444]
Subtotal	0	1,129	1,129
25.1 Consulting services	0	2,753	2,753
25.2 Other services			
Training:			
University training	0	10	10
Other	0	1,534	1,534
Maintenance of equipment	0	319	319
Other non-governmental contracts	0	14,789	14,089
Representation	0	228	228
Other	0	6,834	6,834
[Overseas estimates]	[0]	[0]	[0]
Subtotal	0	23,714	23,014

Object Class	2006 Adjustments to Base	2006 Base	2006 Estimate
25.3 Purchases of goods & services from Gov't accounts			
Office of Personnel Management Training	0	227	227
GSA reimbursable services	0	304	304
Commerce Business System (CBS)	0	1,099	1,099
Department of Interior	0	2,316	2,316
Department of State Capital Security Cost Sharing Program	9,109	13,648	13,648
Payment to DM, WCF	0	28,986	28,986
Other Misc. services by other Federal Agencies	0	3,616	3,616
International Cooperative Support Services (ICASS)	0	28,805	28,805
Subtotal	9,109	79,001	79,001
26 Supplies and materials			
Office Supplies	0	1,541	1,541
ADP supplies	0	786	786
Other	0	2,803	2,803
[Overseas estimates]	[0]	[1,840]	[1,840]
Subtotal	0	5,130	5,130
31 Equipment			
Office machines and equipment	0	381	381
ADP hardware	0	175	175
ADP software	0	414	414
Other	0	5,118	5,118
[Overseas estimates]	[0]	[1,993]	[1,993]
Subtotal	0	6,087	6,087
32 Lands and structures	0	0	0
Subtotal lands and structures	0	0	0
33 Investments	0	0	0
41 Grants, subsidies and contributions	0	2,000	2,000

	2006 Adjustments to Base	2006 Base	2006 Estimate
42	Insurance claims and indemnities	0	49
43	Interest/dividends.	0	49
44	Refunds	0	0
81	Advances	0	0
99	Total Obligations	13,368	409,625
	Less Unobligated balance, start of year	0	0
	Less Prior Year Recoveries	0	0
	Plus Unobligated balance, end of year, expiring	0	0
	Plus Unobligated Balance, End of Year	0	0
	Plus Unobligated Balance Rescission	0	0
	Less Transfers from other accounts	0	0
	Total Budget Authority	13,368	409,625¹⁶
	Personnel Data		
	Full-Time equivalent Employment:		
	Full-time permanent	0	2,443
	Other than full-time permanent	0	110
	Total	0	2,553
	Authorized Positions:		
	Full-time permanent	0	2,713
	Other than full-time permanent	0	75
	Total	0	2,788

¹⁶ The FY 2006 data differs from MAX because of better estimates. The FY 2005 Congressionally added on grants are not funded in FY 2006.

¹⁷ The FY 2006 data differs from MAX because of better estimates. The FY 2005 Congressionally added on grants are not funded in FY 2006.

Appropriation Language and Code Citations

1. "For necessary expenses for international trade activities of the Department of Commerce provided for by law, and for engaging in trade promotional activities abroad, including expenses of grants and cooperative agreements for the purpose of promoting exports of United States firms,"

15 U.S.C. 649b
 15 U.S.C. 1501 et seq.
 15 U.S.C. 1871
 15 U.S.C. 4001 et seq.
 15 U.S.C. 4011 et seq.
 19 U.S.C. 81a et seq.
 19 U.S.C. 1202 nt.
 19 U.S.C. 1303
 19 U.S.C. 1671 et seq.
 19 U.S.C. 1673 et seq.
 19 U.S.C. 1862
 19 U.S.C. 2031
 19 U.S.C. 2155
 19 U.S.C. 2354
 19 U.S.C. 2411 et seq.
 22 U.S.C. 2451 et seq.
 22 U.S.C. 2651 et seq.
 22 U.S.C. 3101 et seq.

15 U.S.C. 649b authorizes the Secretary of Commerce to award grants (including contracts and cooperative agreements) to encourage the development and implementation of small business international marketing programs.

15 U.S.C. 1501 et seq. provides the basic authority for performance of those functions and activities of ITA which promote an improved trade posture for United States industry.

15 U.S.C. 1871 provides the authority for an annual, comprehensive assessment of the state of the automobile industry and its interaction in an integrated economy.

15 U.S.C. 4001 et seq. development and promotion of U.S. export trading companies and associations.

15 U.S.C. 4011 et seq. authorizes the Secretary of Commerce to promote and encourage export trade, the Secretary may issue certificates of review and advise and assist any person with respect to applying for certificates of review.

19 U.S.C. 81a et seq. establishes the Foreign-Trade Zones Board and designates the Secretary of Commerce as chairman and executive officer of the Board.

19 U. S.C. 1202 general note provides the Department of Commerce with the authority to develop, maintain, and publish a list of bona fide motor-vehicle manufacturers.

19 U.S.C. 1202 notes provides authority for two import control programs, the Watch Quota program and the Florence Agreement program.

19 U.S.C. 1303 authorizes the investigation as to whether a foreign government has paid or is paying a bounty or grant upon the manufacture, production, or export of merchandise imported into the United States, and if so, requires the determination and imposition of countervailing duties upon such merchandise. This section is limited to merchandise from a country not covered by the Agreement on Subsidies and Countervailing Measures or from a country which has not assumed obligations similar to those contained in such Agreement.

19 U.S.C. 1671 et seq. authorizes the investigation as to whether a foreign government has paid or pays a subsidy upon the manufacture, production, or export of merchandise imported into the United States, and if the International Trade Commission finds requisite injury, requires the determination and imposition of countervailing duties upon such merchandise. This section applies to merchandise from countries covered by the Agreement on Subsidies and Countervailing Measures or from countries which have assumed obligations similar to those contained in the Agreement.

19 U.S.C. 1673 et seq. authorizes the investigations as to whether foreign merchandise is, or is likely to be, sold in the United States at less than fair value and if the International Trade Commission finds requisite injury, requires the determination and imposition of antidumping duties upon such merchandise.

19 U.S.C. 1862 with respect to consultations with the Bureau of Industry and Security regarding the development of recommendations on proposed remedies if there is a finding of threat to impair the national security, and regarding implementation issues, including consultation prior to discussions with foreign governments on implementations issues.

19 U.S. C. 2031 provides the authority to promulgate rules and regulations pertaining thereto under the Automotive Products Trade Act of 1965 (19 U. S. C. 2001 et seq.).

19 U.S.C. 2155 authorizes the President to organize through the U.S. Trade Representative and the Secretaries of Commerce, Labor, Agriculture, the Treasury, or other executive departments, as appropriate, general policy advisory committees composed of representatives of all industry, labor, agricultural, service, investment, defense, and other interests.

19 U.S.C. 2155 also authorizes the President to organize, through the U.S. Trade Representative and the Secretaries of Commerce, Labor, Agriculture, the Treasury, or other executive departments, as appropriate, sectoral or functional advisory committees composed of representatives from industry, labor, agriculture, and services. These committees provide policy and technical advice on international trade negotiating objectives and bargaining positions, the operation of trade agreements, and with respect to other matters involving the development, implementation, and administration of U.S. trade policy.

19 U.S.C. 2354 requires the Bureau of Industrial Economics to prepare studies, reports, and information activities for the Secretary of Commerce in response to investigations and findings of the International Trade Commission under 2252 of Title 19 to determine eligibility for adjustment assistance,

except that reports to be submitted to the President shall be issued by the Secretary, and responsibility for assistance in preparation and processing of petitions and applications under Subsection 264 (c) shall be vested in the Assistant Secretary for Economic Development.

19 U.S.C. 2411 et seq. provides procedures for determinations and actions to be taken to enforce the rights of the United States under any trade agreement, or to respond to any act, policy, or practice of a foreign country that is inconsistent with the provisions or any trade agreement, that burdens or restricts United States commerce.

22 U.S.C. 2451 et seq. authorizes the President to provide for U.S. participation in international fairs and expositions, including trade and industrial fairs and other public or private demonstrations of U.S. economic accomplishments. ITA provides a wide range of trade exhibitions overseas.

22 U.S.C. 2651 et seq. establishes the Department of State and provides authority for a number of overseas operations. Reorganization Plan No. 3 of 1979 and Executive Order 12188 authorize the utilization of certain of these authorities in connection with the operation of the Foreign CS.

22 U.S.C. 3101 et seq. authorizes the President to conduct surveys and studies of both United States direct investments abroad as well as foreign direct and portfolio investment in the United States. ITA monitors, analyzes, and reports to Congress on specific aspects of international investment, which may have significant implications for the economic welfare, and national security of the United States.

40 U.S.C. 512 provides authority for the administration of the Foreign Excess Property program.

2. “ without regard to the provisions of law set forth in 44 U.S.C. 3702 and 3703;”

No Specific Authority

44 U.S.C. 3702 specifies that an executive department may not publish or pay for advertisements without written authority from the head of that department.

The nature of ITA's overseas exhibition program requires maximum flexibility in advertising requirements since exhibitions may be changed, added, or canceled. When such changes take place, advertisements must be placed as soon as possible to inform the local business community. This exception from 44 U.S.C. 3702 will provide the flexibility, which is required to effectively advertise for these exhibitions.

44 U.S.C. 3703 stipulates that prices paid for advertising may not exceed the commercial rates charged to provide individuals, with the usual discounts. Since the United States Government does not have sovereign status in other countries and is charged commercial rates without the discounts required by 44 U.S.C. 3703, this exception is necessary to permit contracting in a manner which conforms to the realities of foreign advertising markets.

3. "full medical coverage for dependent members of immediate families of employees stationed overseas and employees temporarily posted overseas;"

No Specific Authority

This language permits the International Trade Administration to extend to certain of its overseas employees the same benefits afforded domestically employed Federal employees and employees of ITA's Foreign CS in equivalent positions overseas.

4. "travel and transportation of employees of the United States and Foreign CS between two points abroad, without regard to 49 U.S.C. 40118;"

No Specific Authority

In 1979, the Congress exempted Foreign Service agencies from the requirement that government travel between two points outside the United States be accomplished by U.S. air carrier. This phrase clarifies that the U.S. and Foreign CS is included in the exemption and overturns a Comptroller General decision to the contrary.

5. "employment of Americans and aliens by contract for services;"

No Specific Authority

44 CG 761, OPM guidance, and House Report 89-188 have concluded that Federal agencies must have specific authority to employ personnel by contract. In order to present its overseas exhibitions ITA often requires the use of narrators, demonstrators, receptionists, clerical, and facilities maintenance personnel who speak the language of the host country; are familiar with local practices and procedures; or who only need to be employed for a short period of time. In some cases, however, it is more advantageous to employ U.S. citizens in the host country (generally members of an employee's family) because they have greater familiarity with American methods and, therefore, require less effort to train.

6. "rental of space abroad for periods not exceeding 10 years, and expenses of alternation, repair, or improvement;"

No Specific Authority

Buildings, pavilions, and space in such structures must be rented for exhibitions. Rental terms are established by fair authorities. The program may desire to exhibit at certain fairs, which support ITA's trade development objectives. The installation of exhibits in rented buildings requires that certain alterations and improvements be made. To limit expenditures for such alterations and improvements would seriously restrict the quality and effectiveness of the exhibitions.

7. "purchase or construction of temporary demountable exhibition structures for use abroad;"

No Specific Authority

40 U.S.C. 601 prohibits the construction of public buildings except by the Administrator of the General Services Administration. Authority to purchase or construct such demountable structures in necessary to allow ITA to present exhibitions overseas when permanent exhibition facilities is not available. 41 U.S.C. 10a permits the purchase of articles, materials, or supplies in fo reign countries when they are to be used in that country.

8. “ payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries;”

No Specific Authority

28 U.S. C. 2672 provides for settle ment of tort claims for money damages of \$25,000 or less against the Unites States by the head of each federal agency for loss of property or personal injury or death caused by a negligent or wrongful act of any employee of the Government while acting within the scope of his employment in circumstances where the Unites States, if a private person, would be liable under local law. However, 28 U.S.C. 2680 exempts the

settlement of tort claims which arise abroad from the provisions of 28 U.S.C. 2672. The language requested would exempt ITA from 22 U.S.C. 2680 and would cover the settlement of tort claims against the United States, which arise in connection with the ITA's trade promotion activities abroad.

9. “ not to exceed \$327,000 for official representation expenses abroad;”

No Specific Authority

5 U.S.C. 5536 prohibits additional pay, extra allowances, or compensation unless the appropriation explicitly states that it is for such additional pay, extra allowances, or compensation.

10. “ purchase of passenger motor vehicles for official use abroad, not to exceed \$45,000 per vehicle; obtaining insurance on official motor vehicles, and rental of tie lines;”

No Specific Authority

31 U.S.C. 1343 authorizes the purchase of passenger motor vehicles and purchase of motor vehicles for law enforcement use of the U.S. Capitol Police without regard to any price limitation otherwise established by law.

This section also prohibits the purchase of passenger motor vehicles unless specifically authorized by the appropriation concerned or other law with the exception of those for the use of the President of the United States, the secretaries to the President or the head of certain executive departments.

11. “\$408,925,000 to remain available until expended, of which \$13,000,000 is to be derived from fees to be retained and used by the International Trade Administration, notwithstanding 31 U.S.C. 3302”

No Specific Authority

31 U.S.C. 1301(c) provides that an appropriation in a regular, annual appropriation law may be construed to be permanent or available continuously if the appropriation expressly provides that it is available after the fiscal year covered by the law in which it appears.

31 U.S.C. 3302 provides ITA administrative flexibility to retain and use fees collected without the need to follow the restrictions of 31 U.S.C. 3302, which requires fees collected to be deposited in the U.S. Treasury.

12. “That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities without regard to section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4912);”

No Specific Authority

22 U.S.C. 2455(f) provides authority to accept contributions of funds, property and services from foreign governments, international organizations and private individuals, firms, associations, agencies, and other groups in carrying out the activities concerned with exhibits pursuant to the Mutual Educational and Cultural Exchange Act of 1961.

22 U.S.C. 2458(c) provides authorization for all necessary expenditures involved in the selection, purchase, rental, construction, or other acquisition of exhibitions and the necessary supplies.

15 U.S.C. 4912 The Secretary shall provide reasonable public services and access (including electronic access) to any information maintained as part of the Data Bank and may charge reasonable fees consistent with section 552 of title 5.

13. “and that for the purpose of this Act, contributions under the provisions of the Mutual Educational and Cultural Exchange Act shall include payment for assessments for services provided as part of these activities.”

This phrase provides for extension of this authority and permits ITA to collect funds for use in conducting trade promotion events abroad.

CONSULTING AND RELATED SERVICES

	2004	2005	2006
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Management and professional support services	\$1,822	\$1,852	\$1,883
Studies, and analysis evaluations	189	192	195
Engineering and technical service	<u>331</u>	<u>337</u>	<u>343</u>
Total	\$2,342	\$2,381	\$2,421

ITA uses consulting services to meet relatively short-term requirements for industry and/or economic expertise. Because of various ITA programs, which focus on very specific areas (specific export promotion events, negotiations, antidumping and countervailing duty cases), it is preferable to maintain the ability to obtain short-term expertise rather than a permanent staff capacity.

Management and professional services: These services provide technical expertise, interpretation and stenographic services.

PERIODIC, PAMPHLETS AND AUDIOVISUAL SERVICES

	<u>2004</u> <u>Actual</u>	<u>2005</u> <u>Estimate</u>	<u>2006</u> <u>Estimate</u>
Periodicals	\$387	\$394	\$401
Pamphlets	258	262	266
Audiovisuals	<u>---</u>	<u>---</u>	<u>---</u>
Total	\$645	\$656	\$667

ITA publications, periodicals as well as pamphlets, are some of the essential tools that the organization uses to fulfill its mission of carrying out USG's nonagricultural trade activities, encouraging and promoting U.S. exports of manufactured goods, administering U.S. statutes and agreements dealing with foreign trade, and advising on U.S. international and domestic trade and commercial policy.

Periodicals include Export America, BuyUSA Materials, and Core Materials. Individual publications include economic and market research studies, and foreign direct investment reports. ITA plays an essential role in disseminating these publications to keep the business public informed on particular aspects of the global business picture.

AVERAGE GRADE AND SALARIES

	<u>2003</u>	<u>2004</u>	<u>2005</u>
	<u>Actual</u>	<u>Actual</u> ¹⁸	<u>Projected</u>
Direct			
Avg. ES salary	\$137,981	\$139,320	\$141,689
Avg. GS grade	11.6	11.6	11.6
Avg. GS salary	\$66,869	\$69,290	\$70,468
Average grade and salary established by the Foreign Service Act			
Avg. Senior Foreign Service Salary	\$129,964	\$141,277	\$144,809
Avg. Foreign Service Grade	2.23	2.30	2.30
Avg. Foreign Service Officer Salary	\$86,800	\$89,096	\$91,492
Avg. Salary in Foreign Countries	\$38,700	\$44,685	\$47,898

¹⁸ The above average Foreign Service salary increase between 2003 and 2004 was due to the National Defense Authorization Act of FY 2004 that restructured the pay system for the Senior Executive Service, and the resulting Executive Order that aligned the Senior Foreign Service pay accordingly.

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

GLOSSARY OF BUDGET ACRONYMS AND TERMS

ABC- Activity-Based Cost
AC- Advocacy Center
AD- Antidumping
AGOA- African Growth and Opportunities Act
APEC- Asia/ Pacific Economic Cooperation
ASEAN- Association of Southeast Asian Nations
ATB - Adjustment - To – Base
ATC- American Trading Center
BEA- Bureau of Economic Analysis
BIC- Business Information Center
BY- Budget Year
CBP- Customs and Border Protection
CEE- Central and Eastern Europe
CEEBIC- Central and Eastern Europe Business Information Center
CFO- Chief Financial Officer
CMIC- China Market Information Center
CIT- Court of International Trade
CITA- Committee for the Implementation of Textile Agreements
CSRS- Civil Service Retirement System
CVD- Countervailing Duty
DAS- Deputy Assistant Secretary
DEC- District Export Council
DM- Departmental Management of the entire Department of Commerce
DOA- Director of Administration
DOS- Department of State
ECF- Employees Compensation Fund
EFM- Export Finance Matchmaker
EPA- Environmental Protection Agency
EU- European Union
EX/AD- Executive Direction and Administration
FCC- Federal Communications Commission
FCIB- Finance, Credit and International Business
FDA- Food and Drug Administration
FERS- Federal Employees Retirement System

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

FFMIA- Federal Financial Management Improvement Act
FFS- Federal Financial System
FICA- Federal Insurance Contribution Act
FSN- Foreign Service National
FTAA- Free Trade Area of the Americas
FTE- Full Time Equivalent
FTZ- Foreign Trade Zones
FY-Fiscal Year
GATS- General Agreement on Trade in Services
GATT- General Agreement on Tariffs and Trade
GBDe- Global Business Dialogue on electronic commerce
GCC- Gulf Cooperation Council
GDI- Global Diversity Initiative
GDP- Gross Domestic Product
GPO- Government Printing Office
GPLA- General Pricing Level Adjustment
GPRA- Government Performance and Results Act
GPZ- General Purpose Zones
GSA- General Services Administration
GTP- Global Trade Programs
HHS- Health and Human Services
IA- Import Administration
ICAO- International Civil Aviation Organization
ICASS- International Cooperative Administrative Support Services
IMF- International Monetary Fund
ISACs- Industry Sector Advisory Committees
IFS- In-Flight Survey
IIPA- International Intellectual Property Association
IPR- Intellectual Property Rights
IT- Information Technology
ITA- International Trade Administration
ITAC- Industry Trade Advisory Committees
ITC- International Trade Center
JCCT- Joint Commission on Commerce and Trade
JFMIA- Joint Federal Management Improvement Act
JFMIP- Joint Financial Management Improvement Program
MAC- Market Access and Compliance
MAS- Manufacturing and Services

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

MDCP- Market Development Cooperator Program
MEP- Market Entry Program
MEPI- Middle East Partnership Initiative
MOU- Memorandum of Understanding
NAFTA- North American Free Trade Agreement
NARA- National Archives and Records Administration
NES- National Export Strategy
NME- Non-Market Economy
NTBs- Non-Tariff Barriers
OAG- Official Airlines Guide
OASDI- Old Age Survivor and Disability Insurance
OECD- Organization for Economic Cooperation and Development
OGC- Office of General Counsel
OIG- Office of Inspector General
OLIA- Office of Legislative and Intergovernmental Affairs
OMB- Office of Management and Budget
OPA- Office of Public Affairs
OPIC- Overseas Private Investment Corporation
PART- Program Assessment Rating Tool
PBviews- Panorama Business Views
P.L.- Public Law
PMA- President's Management Agenda
PSC- Personal Service Contractors
QEC- Quality Enhancement and Control
REI- Rural Export Initiative
SIPS- Statutory Import Program Staff
SMEs- Small and Medium-sized Enterprises
SPLT- Strategic Planning Leadership Team
STOP- Strategy Targeting Organized Piracy
TABD- Transatlantic Business Dialogue
TCC- Trade Compliance Center
TCG- Textiles Consultative Group
TCI- Trade Compliance Initiative
TDA- Trade Development Agency
TIC- Trade Information Center
TNIS- Trade Negotiation Information System
TP/US&FCS- Trade Promotion/United States and Foreign Commercial Service [Commercial Service (CS)]
TPA- Trade Promotion Authority

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Budget Estimates, Fiscal Year 2006
President's Budget**

TPCC- Trade Promotion Coordinating Committee
TSP- Thrift Savings Plan
U.K.- United Kingdom
USAID- U.S. Agency for International Cooperation
USDOC- U.S. Department of Commerce
USCIS- U.S. Citizenship and Immigration Services (Formerly known as the INS)
USEAC- U.S. Export Assistance Centers
USG- United States Government
USPTO- U.S. Patent and Trademark Office
USTR- U.S. Trade Representative
WCF- Working Capital Fund
WTO- World Trade Organization

Trade Promotion Coordinating Committee (TPCC) Member Agencies

1. Department of Commerce
2. Department of State
3. Department of Agriculture
4. U.S Agency for International Development
5. Small Business Administration
6. Export-Import Bank of the United States
7. Department of the Treasury
8. United States Trade Representative
9. Overseas Private Investment Corporation
10. U.S Trade and Development Agency
11. Department of Energy
12. National Economic Council
13. Department of the Interior
14. Department of Defense
15. Office of Management and Budget
16. Department of Labor
17. Council of Economic Advisors
18. Department of Transportation
19. Environmental Protection Agency