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National Security and International
Affairs Division

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International Relations
and Trade Issue Area Plan
Fiscal Years 1998-2000



Foreword

As the investigative arm of the Congress and the nation's auditor, the General Accounting Office (GAO) is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose waste, fraud, abuse, and mismanagement in federal programs; help the Congress target budget reductions; assess financial information management; and alert the Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of data bases or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing the Congress, each of GAO's 32 issue areas develops a strategic plan that describes the significance of the issues it addresses, the objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

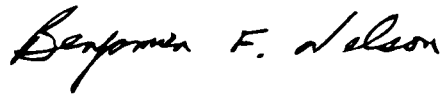
The International Relations and Trade issue area covers programs of the Department of State; the U.S. Agency for International Development (USAID); the U.S. Information Agency; the U.S. Arms Control and Disarmament Agency; international programs of the Department of Agriculture, the Department of Commerce, and the Department of Defense; the Export-Import Bank of the United States; the Overseas Private Investment Corporation; the Office of the U.S. Trade Representative; the U.S. International Trade Commission; and various related government organizations. The issue area is also responsible for examining U.S. participation in multilateral organizations, including the United Nations, the International Monetary Fund, the World Bank, and the North Atlantic Treaty Organization (NATO).

Our work in this issue area seeks to assess the cost and effectiveness of foreign affairs and international trade activities in promoting and protecting U.S. international interests. Our work focuses on

- international agreements, arrangements, and programs to promote U.S. security interests;
- U.S. participation in multilateral institutions;
- foreign affairs structures and management of functions and resources;
- U.S. bilateral programs to assist and influence other countries;
- programs to promote and finance U.S. overseas business interests; and

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- trade agreements and efforts to improve U.S. access to foreign markets.

Our key planned work on these important issues is described in the following pages. Our planning process allows for updating and flexibility to respond to emerging, significant events. If you have any questions or suggestions about this plan, please call me at (202) 512-4128.



Benjamin F. Nelson
Director, International Relations
and Trade Issues

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Abbreviations

FSU	Former Soviet Union
IMF	International Monetary Fund
NAFTA	North Atlantic Free Trade Agreement
NATO	North Atlantic Treaty Organization
USAID	U.S. Agency for International Development
WTO	World Trade Organization

Table I: Key Issues

Issue	Significance
<p>Promoting U.S. Security: How are international arrangements and programs addressing security threats, and are they cost-effective and efficiently managed?</p>	<p>As a result of the changing threat environment, the United States must rely on international security arrangements and programs such as NATO and the U.N. to (1) counter the spread of dangerous weapons and terrorism and (2) promote stability. Analyses are needed to answer questions on the efficacy, costs, and management of these arrangements and programs.</p>
<p>Participation in Institutions: How can U.S. participation in multilateral institutions more effectively advance U.S. interests, and are there opportunities to reduce costs?</p>	<p>The United States uses multilateral institutions such as the United Nations and the World Bank to advance its interests in international diplomacy, conflict resolution, and economic development. Decisionmakers need objective analyses to determine the appropriate role of these institutions and the best way to advance U.S. interests through them.</p>
<p>Foreign Affairs Management: Are the functions, resources, and processes of U.S. agencies structured to reflect new foreign policy priorities and best management practices?</p>	<p>Opportunities for restructuring, reengineering functions, eliminating nonessential functions, and improving resource management need to be identified in order to ensure that resources are available to protect vital interests.</p>
<p>Bilateral Assistance and Influence: Are programs to assist and influence other countries effectively advancing U.S. international interests overseas, and are they managed efficiently?</p>	<p>Questions continue to be raised about how U.S. programs are managed, whether long-standing programs are achieving the intended results and helping advance current U.S. objectives, and if alternative programs could be more effective.</p>
<p>Trade Promotion and Finance: Are U.S. government international trade, finance, and investment programs and agencies effective in promoting U.S. economic interests, and are they managed efficiently?</p>	<p>About 15 U.S. agencies spend over \$2 billion and provide over \$25 billion in financing to support U.S. international trade, investment, and foreign policy objectives. The federal export delivery system involves over 100 domestic and overseas offices, and partnerships with state and local governments and private providers. Decisionmakers need to ensure that these U.S. resources are achieving the intended results and are managed efficiently.</p>
<p>Trade Policy and Access: How do international trade agreements, laws, and forums affect U.S. economic interests?</p>	<p>International trade agreements affect hundreds of billions of dollars in trade and millions of U.S. jobs. Critics have expressed concerns that the United States has not been sufficiently aggressive in monitoring enforcement of agreements and that some agreements may not achieve intended benefits and could compromise U.S. sovereignty. Objective analyses are needed to answer questions on how U.S. trade policies are affecting U.S. interests.</p>

Table I: Key Issues

Objectives	Focus of Work
<ul style="list-style-type: none"> • Determine costs, progress, and obstacles to U.S. strategies and programs to counter emerging security threats. • Identify management improvements and cost-saving measures. • Identify programs that are not serving intended purposes. 	<ul style="list-style-type: none"> • NATO expansion and costs. • Dayton Peace Accords. • Programs to contain the spread of weapons of mass destruction. • Peacekeeping missions. • U.S. export control regime. • Major international arms transfers.
<ul style="list-style-type: none"> • Assess whether multilateral institutions advance U.S. interests. • Assess alternate strategies and options for managing U.S. participation in multilateral institutions. • Assess potential impacts of new multilateral programs and regimes. 	<ul style="list-style-type: none"> • Managing U.S. interests in the United Nations and international financial institutions. • U.N. and World Bank reforms. • New multilateral programs.
<ul style="list-style-type: none"> • Determine the compatibility of foreign affairs agencies' functions with new priorities, budgets, and capabilities. • Identify ways to cut costs and improve management of the foreign affairs apparatus and individual agencies. • Analyze justification for funding requests. 	<ul style="list-style-type: none"> • Restructuring of the foreign affairs agencies. • Agencies' reform and reengineering efforts. • Agencies' plans/budgets for essential functions. • Major cost drivers.
<ul style="list-style-type: none"> • Identify the cost, impact, progress, obstacles, and/or policy options for specific initiatives and programs. • Identify management improvements and potential legislative and regulatory changes aimed at cost-effectiveness. 	<ul style="list-style-type: none"> • Large, highly visible, or controversial country assistance programs and initiatives. • International drug control programs. • Refugee and humanitarian assistance. • Programs with unclear impact.
<ul style="list-style-type: none"> • Identify ways to make U.S. trade and investment programs more effective while minimizing program costs and risks to the taxpayer. • Evaluate options for improving the coordination of agency programs and assuring that agency programs and structures are cost-effective. 	<ul style="list-style-type: none"> • Federal trade, finance, and investment programs. • Competitor nation export programs. • Organization and performance of agencies (overseas and headquarters) that support U.S. economic interests.
<ul style="list-style-type: none"> • Evaluate how participation in specific trade agreements affect U.S. interests. • Determine the implementation status of existing agreements. • Analyze how U.S. and foreign trade policies and practices affect U.S. economic interests. 	<ul style="list-style-type: none"> • North American Free Trade Agreement, World Trade Organization (WTO), and other multilateral and bilateral agreements and forums. • Federal monitoring of foreign country compliance with trade agreements. • Barriers to U.S. access to foreign markets. • International financial markets' effects on trade flows and negotiations.

Table II: Planned Major Work

Issue	Planned Major Job Starts
Promoting U.S. Security	<ul style="list-style-type: none"> • Impact of NATO expansion—costs and foreign policy implications (ongoing) • Review of NATO Security Investment Program • NATO obligations and European Monetary Union criteria • European Union and Asian defense burdensharing • Progress in implementing Dayton Peace Accords for Bosnia (ongoing) • Monitoring nonproliferation treaty implementation
Participation in Multilateral Institutions	<ul style="list-style-type: none"> • Effectiveness and management of international financial institutions (the International Monetary Fund [IMF], World Bank, regional development banks, etc.) • U.S. interests in World Bank and IMF debt relief programs for heavily indebted poor countries (going) • Reforming the United Nations—progress and prospects • Assessment of U.N. financial situation • U.N. management of regional commissions
Foreign Affairs Management	<ul style="list-style-type: none"> • Assessment of foreign affairs agencies' strategy for modernizing administrative and information systems* • Rationale for deployment of U.S. government overseas staff • Opportunities to reengineer major overseas support functions (ongoing)
Bilateral Assistance and Influence	<ul style="list-style-type: none"> • Cost and effectiveness of providing technical economic assistance to former Soviet Union countries • Economic impact of foreign aid • Use of graduation criteria in USAID mission closures • Effectiveness of U.S. assistance efforts to Ukraine and Kazakhstan
Trade Promotion and Finance	<ul style="list-style-type: none"> • Comparative analysis of foreign competitor export programs • Management of U.S. Export-Import Bank resources • Evaluation of the Department of Commerce's new models for delivering overseas export promotion assistance
Trade Policy and Access	<ul style="list-style-type: none"> • Status of China's accession to WTO • Federal monitoring of foreign compliance with trade agreements • Status of efforts to link labor standards and trade • Implication of Asian financial crisis for U.S. trade programs and multilateral financial services negotiations
*Being coordinated with GAO's Accounting and Information Management Division.	

Table III: GAO Contacts

Director	Benjamin F. Nelson	(202) 512-4128
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Associate Directors	Jess T. Ford	(202) 512-4268
	JayEtta Z. Hecker	(202) 512-8984
	Harold J. Johnson, Jr.	(202) 512-4128

Assistant Directors	John Brummet	
	Diana M. Glod	
	Lynne M. Holloway	
	Virginia C. Hughes	
	A.H. Huntington III	
	John P. Hutton	
	Boris L. Kachura	
	Ronald A. Kushner	
	Bruce L. Kutnick	
	Stephen M. Lord	
	David R. Martin	
	Thomas Melito	
	Tetsuo Miyabara	
	F. James Shafer, Jr.	
Elizabeth J. Sirois		
Lawrence L. Suda		
Celia J. Thomas		
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