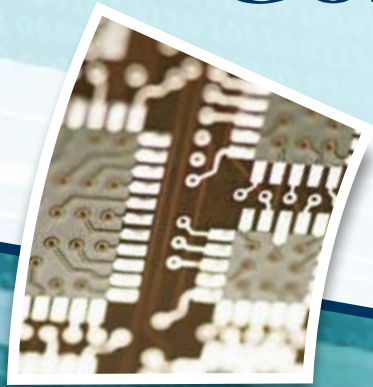


Promoting Competitiveness:

Partnerships and Progress of
the Office of Manufacturing
and Services



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INTERNATIONAL
TRADE
ADMINISTRATION

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Message from the Secretary of Commerce

In 2004, the Department of Commerce created the Manufacturing and Services (MAS) unit within the International Trade Administration to address industry and congressional concerns about U.S. competitiveness in the global economy. Over the past four years, MAS has tackled obstacles facing U.S. industry using vital research and analysis to help shape and implement trade policy and identify the impact of regulations on U.S. competitiveness.

As the rate of globalization and integration accelerates, the world landscape becomes ever more complex. The challenge is for governments to encourage, rather than impede, opportunities for businesses and their workers so they can improve their futures and thus the future of the country. MAS meets this challenge by establishing a direct partnership in the Federal Government to help U.S. manufacturing and service providers navigate this landscape. The following report provides a brief overview of the work MAS has undertaken to improve U.S. industry's competitiveness in a global economy.

A handwritten signature in black ink, appearing to read 'Carlos M. Gutierrez'.

Carlos M. Gutierrez
Secretary of Commerce

Foreword:

Enhancing U.S. Competitiveness

As Assistant Secretary of Commerce for Manufacturing and Services in the International Trade Administration, I have noticed two common threads woven into the fabric of America's private sector: American industries remain strong because they have learned, advanced and innovated; and they can compete and win against anybody if they are given a level playing field. U.S. companies are global leaders in developing and applying cutting-edge technology, in providing quality, knowledge-based jobs, and in creating new value through offering innovative integration of manufacturing and services.



The U.S. economy is currently facing significant challenges. The current financial crisis is requiring a powerful response. However, the competitiveness of U.S. companies is still strong. Our strength is in our people and their ability to overcome adversity through hard work and innovation. Average productivity has grown 2.5 percent since 2000 and real exports have risen by 59 percent since the fourth quarter of 2001. The Manufacturing and Services (MAS) unit was established to give industry a voice within the interagency process, and as we go forward, that input is essential.

As Figure 1 shows, the MAS unit is one of the four pillars of the International Trade Administration (ITA). Our efforts and expertise complement the other pillars of ITA, enabling ITA to work together to further the success of U.S. companies at home and worldwide.

Since MAS was created in 2004,¹ it has responded to the issues faced by U.S. manufacturers and services providers as new, competitive forces reshape the global economy. During the last four years, MAS has demonstrated its value to U.S. industry. We strive to foster a healthy, pro-business, pro-competitiveness environment in which U.S. companies and workers can compete domestically and globally. Our value added is our ability to focus on the big picture of U.S. competitiveness, grasping the industry or sector issues holistically at the domestic and global levels and influencing the policy debate on behalf of that particular sector.

Every day, MAS industry analysts are in the trenches conducting regulatory analysis, coordinating strategies to remove non-tariff barriers to U.S. exports, and providing practicable and actionable data to local and national policymakers. On any given day, our staff is working to surmount 40 to 50 trade barriers, is analyzing how dozens of regulations could potentially affect industries' bottom lines, and is evaluating and raising industry concerns in the interagency policymaking process. MAS analysts also take a proactive approach to identify domestic and global regulatory issues related to competitiveness and to stimulate dialogue among stakeholders.

¹ MAS was established pursuant to the Consolidated Appropriations Act of 2004, and the accompanying House Appropriations Committee Report, "Department of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, Fiscal Year 2004," House Report 108-221, 108th Congress, 1st session, July 21, 2003, p. 69. It was also a recommendation in the report, *Manufacturing in America: A Comprehensive Strategy to Address Challenges to U.S. Manufacturers* (Washington, D.C.: Department of Commerce, 2004), hereinafter referred to as *Manufacturing in America*.

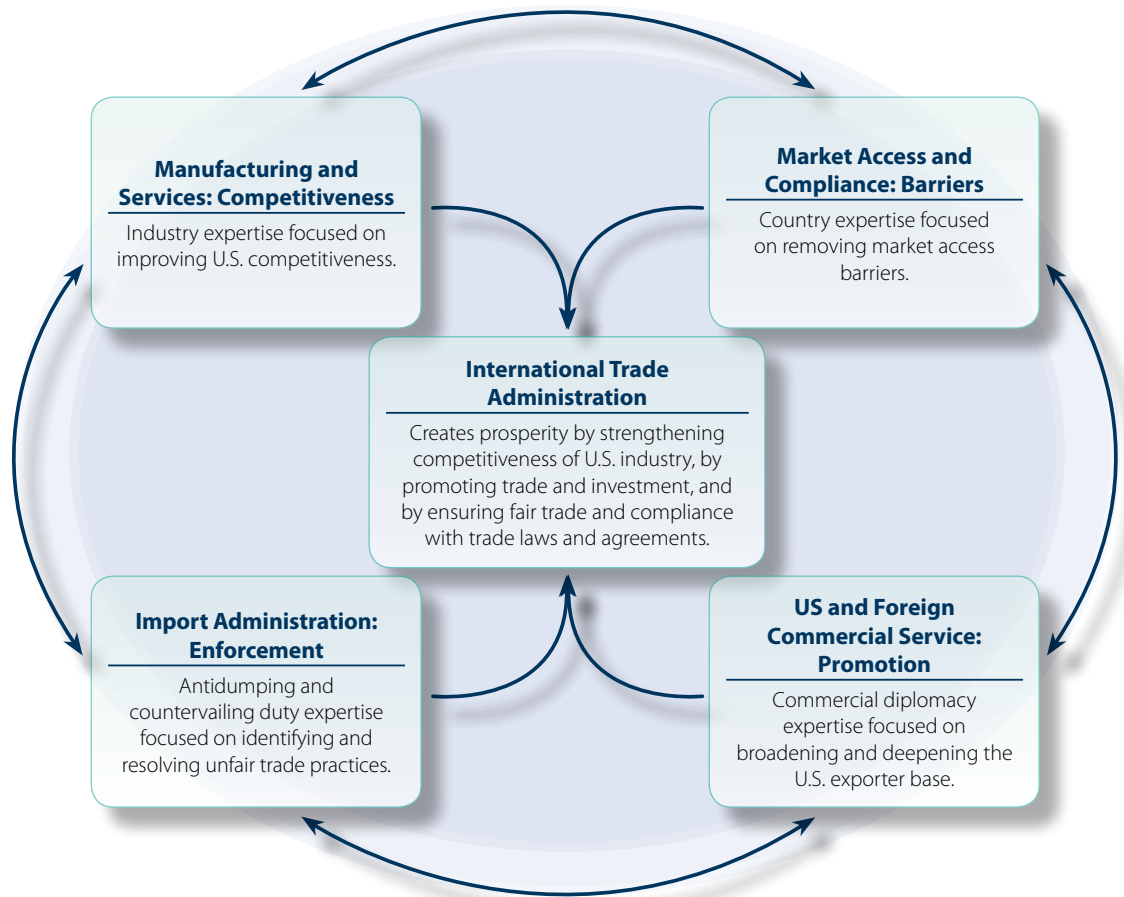


Figure 1: ITA Structure

When issues are related to international competitiveness, government agencies often turn to MAS for its rigorous, strategic analysis and reliable data. Whether MAS is helping to determine the economic impact of foreign investment, assisting with the negotiations of free trade agreements that open foreign markets, or finding the right balance for reducing import tariffs, our analysts provide essential industry insight and knowledge.

Our perspective of both private enterprise and public policymaking helps shape a pro-growth environment for U.S. businesses. We recognize the effect that government policies have on the premiums U.S. companies pay to operate a business—the energy, environment, health care, legal, and regulatory compliance costs. MAS experts come to the interagency debate well informed, aiming to reduce unnecessarily burdensome requirements or procedures that might affect the business climate. Our job bears fruit as U.S. policymakers increasingly steer the nation with an eye toward improving competitiveness.

Four years ago, we set out on a path to better reflect the needs of U.S. industry inside the federal government. Today, MAS continues to find new opportunities to apply our expertise towards enhancing U.S. competitiveness. As MAS evolves and improves, we will continue to contribute to a positive business environment by influencing the policy debate in favor of U.S. competitiveness.

William G. Sutton, CAE
Rear Admiral, U.S. Navy (Ret.)
Assistant Secretary of Commerce for Manufacturing and Services

Enhancing U.S. Competitiveness Is Our No. 1 Priority

The Office of Manufacturing and Services (MAS) is dedicated to enhancing the competitiveness of U.S. industry. MAS's work on behalf of the U.S. manufacturing and services sectors influences domestic and international policy decisions that affect our nation's current and future competitiveness.

MAS is comprised of five main offices: Manufacturing, Services, Industry Analysis, Standards Liaison, and Advisory Committees. Together, these offices cover more than 90 percent of industries in the U.S. economy, making MAS the government's foremost concentration of varied industry experts. Its leadership and staff work with private-sector advisers and counterparts in other federal agencies.¹ By listening to and understanding the concerns of industry, MAS ensures that the long-range economic impact of policies on U.S. firms is taken into consideration, whether in discussions with foreign governments or within the U.S. government.

This report will focus on the myriad of ways in which the MAS staff works to enhance U.S. competitiveness in both the manufacturing and services sectors now and into the future. MAS stands ready as the United States faces economic adjustments that present new opportunities and challenges. This report presents many examples where MAS has taken a leadership role—based on industry input—and produced solid results and progress. If you are interested in learning more about a particular program or initiative, or if you want to contact an MAS analyst in your sector, please see the contact list in the appendix.

As globalization evolves, our number one export should be our way of doing business.

Assistant Secretary
William G. Sutton

Competitiveness Begins at Home

A government can be responsive only if it is up to speed on the latest information. MAS's analysts closely follow the demands on U.S. industries that affect their competitiveness domestically and globally, knowing that reducing regulatory burdens while balancing the needs of the public interest will help create a more positive business environment. MAS sector experts analyze competing industry interests and study ways of reducing structural costs, such as energy, health care, environment, legal, and unduly burdensome regulations. From an overall perspective, MAS facilitates communication between industry and government, helping other agencies to understand the flow of trade and the factors that influence U.S. business competitiveness.

Advisory Committees: Listening to the Voice of Industry

MAS works collaboratively with industry to address challenges in the evolving global marketplace. The Advisory Committees² managed by MAS serve as the primary source of private-sector advice on competitiveness and trade issues across most sectors of the U.S. economy. With more than 500 volunteer industry representatives, the committees

¹ For example, MAS administers the work of the Manufacturing Council and the Interagency Working Group on Manufacturing Competitiveness. Those two groups were established in response to recommendations from *Manufacturing in America*.

² For more information, please contact the Office of Advisory Committees (see appendix).

provide a critical link between the economic interests of U.S. industries and the broader public policy concerns of the U.S. government, including regulations, trade policies, and economic policies. In addition to the advice MAS receives through its Advisory Committee program, analysts are in constant communication with industry representatives, associations, think-tanks, and other experts. If an issue needs attention, MAS analysts are likely already aware of and working on it.

- The **President's Export Council (PEC)** is the principal national advisory committee on international trade. The PEC advises the President on government policies and programs that affect U.S. trade performance, promotes export expansion, and provides a forum for discussing and resolving trade-related problems among the business, industrial, agricultural, labor, and government sectors. Since 2001, the PEC has sent 44 letters of recommendation to the President. PEC recommendations have been thoroughly considered in the policy process.
- The **Manufacturing Council**³ serves as the principal private-sector advisory committee on the U.S. manufacturing sector. The Manufacturing Council ensures regular communication between the government and the manufacturing sector, advises the Secretary of Commerce on government policies and programs that affect U.S. manufacturing, provides a forum for discussing and proposing solutions to industry-related problems, and recommends ways to ensure that the United States remains the preeminent destination for investment in manufacturing. To date, the Manufacturing Council has submitted 13 letters of recommendation to the Secretary of Commerce on topics that range from corporate tax burdens to health care to alternative energy. The recommendations form key building blocks for MAS experts as they work within the policy process.



U.S. Manufacturing Council, Summer 2008

³ The Manufacturing Council was established in response to the recommendation from *Manufacturing in America*.

- **The Industry Trade Advisory Committees (ITACs)** were established under the Trade Act of 1974, which directs the President to seek information from representatives of the private sector about (a) negotiating objectives and bargaining positions before entering into a trade agreement; (b) the operation of any trade agreement once it is entered into; and (c) dealing with other matters connected to the development, implementation, and administration of U.S. trade policy. The Office of the United States Trade Representative and the Department of Commerce jointly administer 17 ITACs, including the Committee of Chairs. The contributions that industry has made to trade negotiations through ITAC activities are numerous. The ITACs play a key role in developing a positive business environment and a level playing field in the international trade arena.
- **The U.S. Travel and Tourism Advisory Board** informs the Secretary of Commerce on government policies and programs that affect the U.S. travel and tourism industry, offers counsel on current and emerging issues, and provides a forum for discussing and proposing solutions to industry-related problems. The board has completed two major reports: “National Tourism Strategy” and “Gulf Coast Recovery Strategy.” In addition to those reports, the board has made policy recommendations on various issues, including visa facilitation and ease of travel. MAS experts have used the recommendations in policy discussions with the Department of State and the Department of Homeland Security.
- **The Environmental Technologies Trade Advisory Committee** has members with experience in exporting a broad range of environmental technologies, products, and services. The committee is uniquely qualified to advise agencies of the executive branch on a variety of issues concerning the industry. For example, the committee addresses multilateral trade liberalization efforts in environmental goods and services, protection of intellectual property rights, and U.S. government export programs and policies.⁴
- **The Civil Nuclear Trade Advisory Committee** is in its formative stage, but proposing it is an example of how MAS responds and evolves to advance the interests of developing industries and sectors. This committee will advise the Secretary of Commerce on developing and administering programs to increase U.S. civil nuclear trade and investment in global markets.⁵

Public–Private Dialogues: Building Bridges and Stimulating Debate

The establishment of effective, transparent channels of communication with industry is crucial to MAS’s success. MAS has shown leadership on domestic issues that affect U.S. competitiveness abroad by organizing public–private dialogues. In some cases, MAS organizes roundtables on specific problems, bringing the depth of U.S. industry’s real-world experience to the policymaking process. At other times, MAS identifies new strategic areas where a larger-scale conference is needed to fully explore all the aspects of these areas. Either way, MAS is well positioned to determine the relevant scope and structure for the dialogue and to bring the appropriate stakeholders to the table. MAS analysts shape the policy dialogues to focus on issues that are critical to U.S. industry and to facilitate discussion that advances the debate and opens new doors. After the conferences, MAS follows up with reports to the stakeholders and other activities to ensure that the spotlight does not fade.

⁴ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

⁵ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

Enhancing U.S. Competitiveness through Sustainable Manufacturing

Sustainable manufacturing is the creation of manufactured products using processes that are non-polluting; that conserve energy and natural resources; that are economically sound; and that are safe for employees, communities, and consumers.⁶ Interest in sustainable manufacturing practices has grown as companies look for new ways to use resources more

Sustainable Manufacturing American Regional Tours

Online Clearinghouse: MAS worked with other federal agencies to launch an online clearinghouse (located through one click on www.manufacturing.gov) that U.S. companies can use to identify the U.S. government programs and resources that meet their needs. The site includes

- Information on programs that offer technical assistance to U.S. businesses on how to develop and enhance sustainable practices
- Federal incentives and financial resources that U.S. businesses can take advantage of to improve their sustainable business practices
- Best-practices research that is geared toward helping U.S. companies find information on how they can cost-effectively improve their global competitiveness through sustainable business practices.

Regional Tours: In July 2008, MAS launched Sustainable Manufacturing American Regional Tours (SMART) to promote sustainable manufacturing and to share best practices. The tours are a direct response to industry concerns over the lack of visibility that sustainable manufacturing receives nationwide and the lack of information many U.S. manufacturers possess in this field, especially small and medium-sized businesses. By the end of September 2008, the tours reached St. Louis, Missouri; Grand Rapids, Michigan; and Rochester, New York. SMART events include tours of local manufacturing facilities that showcased firms that are incorporating sustainable manufacturing techniques into their production processes or have facilities that are otherwise sustainable. The tours demonstrated that the techniques are not cost prohibitive and, in fact, can help the long-term economic viability of U.S. manufacturers.



Assistant Secretary Sutton tours Sunnen Products Company as part of the Sustainable Manufacturing American Regional Tours (SMART) in St. Louis, Missouri, July 2008.

⁶ For more information, please contact the Office of Trade Policy Analysis (see appendix).

efficiently, to ensure compliance with domestic and international requirements, to enhance the marketability of their products and services, and to increase profitability.

The implications for U.S. global competitiveness and firm profitability grow as sustainable manufacturing practices continue to spread through U.S. industry. Firms that incorporate environmentally and economically sustainable manufacturing processes can gain competitive advantages through cost savings and increased positive public recognition of their environmental stewardship.

To foster a dialogue on sustainable manufacturing, MAS hosted a conference in September 2007. The participants, including more than 70 industry stakeholders from the private and public sectors, clearly called for national leadership to help promote future profitability and competitiveness in sustainable manufacturing. MAS is working with other federal agencies to implement a Sustainable Manufacturing Initiative and public-private dialogue. The main goals of the initiative are (a) to identify U.S. industry's most pressing sustainable manufacturing challenges and (b) to coordinate public- and private-sector efforts to address the challenges.

Powering Our Low-Carbon Future

Clean energy technologies could ensure energy security, mitigate climate change, and provide energy for robust economic growth.⁷ However, many people and companies in the U.S. clean energy industry feel that numerous unnecessary hurdles still remain and are hurting their domestic competitiveness.

MAS hosted a one-day conference in February 2008 in which experts from the federal government, industry, academia, and non-governmental organizations discussed strategies to promote the rapid uptake of clean energy technologies in the United States.⁸ The purpose of the conference was to initiate a dialogue between industry representatives and policy-makers. Through this dialogue, MAS and industry identified key challenges and opportunities and the necessary actions to overcome any hurdles. More than 170 representatives from the renewable energy, nuclear, clean coal, and distributed-generation industry and from the U.S. government participated in the event. Topics included the current status of low-carbon technologies, clean energy and the U.S. manufacturing sector, research and development, market adoption and deployment, financing, regulations, public acceptance, and transmission.

Maintaining U.S. Competitiveness through Access to Raw Materials

Timely and economic access to strategic raw materials is critical to the U.S. economy and competitiveness of U.S. manufacturers. As economies such as China and India continue to industrialize and expand, the global competition for access to raw materials will intensify. In November 2007 MAS brought together industry representatives and officials of other federal agencies to discuss the impact of timely, reliable, and cost-effective access to raw materials on the competitiveness of U.S. manufacturers.⁹ U.S. trade associations and manufacturers from a wide range of industries expressed concerns about export quotas, export duties, and related restrictions imposed by some countries on a number of important raw materials. Through their examples, the industry participants illustrated how

⁷ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

⁸ At the conference, discussions on energy issues furthered the national debate on energy policy and a comprehensive energy plan, which was the subject of several recommendations from *Manufacturing in America*.

⁹ For more information, please contact the Office of Materials and Machinery (see appendix).

Important Lessons Learned from the Low-Carbon Conference

The Importance of Federal Government Policy: All industry participants addressed the importance of government policy in creating market demand that will substantially increase manufacturing and services employment in the United States. Regulatory processes that are inefficient and fail to adapt to new technological innovations will stymie the development of low-carbon power options. Uncertainty in technology will always exist, but uncertainty in policy can be avoided.

The Era of Cheap Energy Is Over: Constrained energy supplies and increased carbon constraints will result in higher energy prices. Promoting many different low-carbon resources will increase energy supplies.

Education Is Critical: Regulators need to learn about new technologies that fall under their jurisdiction. A new generation of skilled machinists and technicians need training to design, build, and operate low-carbon technologies. The public must understand the costs and benefits associated with low-carbon power technologies.

these policies disrupt the functioning of global markets and trade patterns and artificially increase domestic supplies of raw materials in the country employing the restriction. Information that MAS analysts gathered at the roundtable supported a submission by the United States to the World Trade Organization (WTO) regarding such policies.

Domestic Regulatory Analysis: Representing a Pro-Business Perspective at the Regulatory Table

MAS keeps the focus on the overall competitiveness of U.S. industry by researching and analyzing competitive factors that affect U.S. business sectors in domestic and international business environments.¹⁰ One key factor is the competitive impact of domestic regulations, which impose compliance costs on domestic firms but not on their international competitors.¹¹ MAS evaluates the effects of domestic regulatory policies on the ability of U.S. industry to compete in world markets and works with other U.S. agencies to reduce any unintended impact of these policies on U.S. industry's competitiveness. MAS improves federal regulatory outcomes by:

- Supplementing an agency's regulatory impact analysis with richer industry knowledge that incorporates macroeconomic international analysis;
- Ensuring that costs associated with a given rule are assessed in the context of the overall regulatory burden faced by businesses from all existing and proposed rules; and
- Introducing new approaches to regulatory analysis that draw on lessons learned from past regulatory impact analyses.

The U.S. regulatory review process, which is mandated by law and undertaken by the rulemaking agencies, is enhanced by additional MAS analysis. Industry expertise gives MAS the ability to evaluate the regulatory agencies' impact assessments with an

¹⁰ For more information, please contact the Office of Competition and Economic Analysis (see appendix).

¹¹ MAS's work in this area is largely in response to recommendations from *Manufacturing in America*. The recommendations called for creating an Office of Industry Analysis and completing comprehensive work to reduce the burden of regulations.

eye towards businesses' ability to stay competitive. For example, regulatory agencies seldom assess the impact of domestic regulations on U.S. companies' international competitiveness. In addition, a policy or regulation affects not only the immediate industry but also other upstream and downstream markets.

Over the past three years, MAS has contributed to the development of more than 25 significant rules, which have provided a number of successful outcomes for U.S. business competitiveness. In particular, MAS has established itself in the interagency rulemaking process, which is coordinated by the Office of Management and Budget (OMB). Depending on the issue, coordination may also include the Occupational Safety and Health Administration (OSHA), the Department of Homeland Security (DHS), and the Environmental Protection Agency (EPA). MAS also works with other regulators that have oversight for specific sectors, such as the Federal Aviation Administration (FAA). MAS's regulatory analysis in several specific cases contribute to millions of dollars in cost savings for the U.S. business community. For example:

- MAS evaluated a rule to establish the permissible level of worker exposure to the toxic chemical hexavalent chromium. MAS worked with OMB, OSHA, and industry representatives to identify the compliance cost burdens on U.S. manufacturers for various exposure levels. The analysis resulted in a final rule that made the U.S. standard the strictest in the world, fully protecting workers and the environment, but it still reduced the cost to U.S. businesses by approximately \$287 million per year. MAS has also worked with OSHA on worker safety rules, such as for cranes and derricks (construction and drilling) and exposure to beryllium.
- MAS works with DHS on rules with major effects on industry, including the Transportation Worker Identification Credential rule and the Western Hemisphere Travel Initiative.
- EPA's rules have some of the highest compliance costs among the rulemaking agencies. MAS's work with EPA on the Spill Prevention, Control, and Countermeasures rule is expected to save U.S. industry more than \$100 million annually. Industry estimates that further revisions to the rule could save the U.S. oil and natural gas extraction industry more than \$1 billion a year.



We serve as a means of improving communication between industry and the officials writing the rules. When we participate in interagency discussions—for example, with EPA, OSHA, DOT and DHA—we ask, “did you include everybody who would be affected?” By providing this kind of information and analysis in the interagency process, we’re already on track to achieve our goal of reducing unnecessary regulatory burdens by \$1.4 billion by 2010.

Stefan Osborne, coordinator for the
MAS Regulatory Affairs Program

- The FAA, to improve safety and traceability of parts, has proposed a rule that would require every part and subcomponent of an aircraft or engine to be identified – for example, by laser engraving. Industry has estimated that the proposed rule could cost as much as half a billion dollars annually to industry, including many small and medium size companies. MAS is working with the FAA to explore ways that the FAA’s safety objectives can be fully met in a manner that is the least burdensome to industry as possible. Publication of the final rule is expected in 2009.¹²

Because of those and other cases, MAS is on target to meet its goal of providing information and analysis to help lower compliance costs of U.S. businesses by \$1.4 billion by 2010—all without having a negative impact on worker health and safety or other policy priorities.

Miscellaneous Tariff Bills: Helping Congress Find the Right Balance

In every session of Congress, miscellaneous tariff bills (MTBs) are introduced to temporarily lower or suspend duties on a wide range of imported products. MTBs can result in hundreds of thousands of dollars in savings to an individual company. The lower costs from tariff savings can increase a company’s competitiveness by reducing the overall cost of bringing a product to market. However, when domestic production of a good is covered under a proposed MTB, it is important to balance the interests of all companies. A high level of industry expertise is needed to identify and reduce tariffs that impose an unnecessary burden on U.S. importers, while ensuring that U.S. domestic producers are not unfairly disadvantaged. MTBs have the potential to enhance the overall competitiveness of U.S. industry.

At the request of Congress, the administration, led by the Department of Commerce, undertakes an extensive analysis on the impact of each proposed MTB on the competitiveness of firms within the relevant industry. MAS industry analysts determine if the lower duty could potentially harm the ability of a domestic manufacturer to compete.¹³ In addition, analysts also examine the MTB in light of existing U.S. trade laws to establish how its enactment might affect U.S. trade policy. The investigations conducted by MAS analysts are crucial to ensuring that MTBs help improve the competitiveness of U.S. firms, while ensuring that other companies are not negatively affected.

Critical Economic Data Drives the U.S. Competitiveness Agenda

Objective and balanced information is imperative for companies to compete in the global market. Decisions rendered by the government should be made on the basis of credible, comprehensive, and comparable data. MAS brings industry knowledge and analytical skills to assist the President, the Congress, federal and state agencies, U.S. companies, and other public and private organizations. By providing comparative data on a regular basis, MAS ensures that the question of “impact on U.S. competitiveness” receives proper emphasis in any policy discussion.

“Manufacturing Biweekly Update”: Competitiveness Indicators at a Glance

The “Manufacturing Biweekly Update” provides industry and policy decision-makers with statistical information and analysis on the economic environment facing U.S. industry.¹⁴ This report provides the most recent trends on a wide range of economic indicators, including wage rates, profits, employment, production, capacity utilization, productivity,

¹² For more information, please contact the Office of Aerospace and Automotive Industries (see appendix).

¹³ For more information, please contact the Office of Trade Policy Analysis (see appendix).

¹⁴ For more information, please contact the Office of Competition and Economic Analysis (see appendix).

exports, and goods shipments. The “Manufacturing Biweekly Update” is made available every other Friday on the MAS Web site at www.ita.doc.gov/td/industry/otea/ocea/mbu.

Databases: Online Tools for an Interconnected Economy

In an environment where information is power, access to reliable trade data is crucial. MAS has created several online databases to provide U.S. companies with the tools they need to succeed. MAS compiles information that businesses rely on to achieve their goals, from the minute detail on exports to the demographics of a trillion-dollar industry.

TradeStats Express

TradeStats Express (TSE) is a user-friendly interactive tool that displays U.S. merchandise trade statistics geographically and in a tabular format.¹⁵ MAS designed and maintains this system, which uses data from the U.S. Census Bureau in the Department of Commerce, and data are updated quarterly. TSE presents aggregate and product-specific U.S. trade statistics, including general imports, total exports, balance of trade, and state exports (see Figure 2). National statistics are available from 1989, and state statistics are accessible from 1999. TSE has proven to be a popular and useful tool with both the government and the public. For example, by providing easy to understand information about state export activity by product to various countries or geographic regions, TSE emphasizes the relevance of trade to localities. To use this database, visit <http://tse.export.gov>.

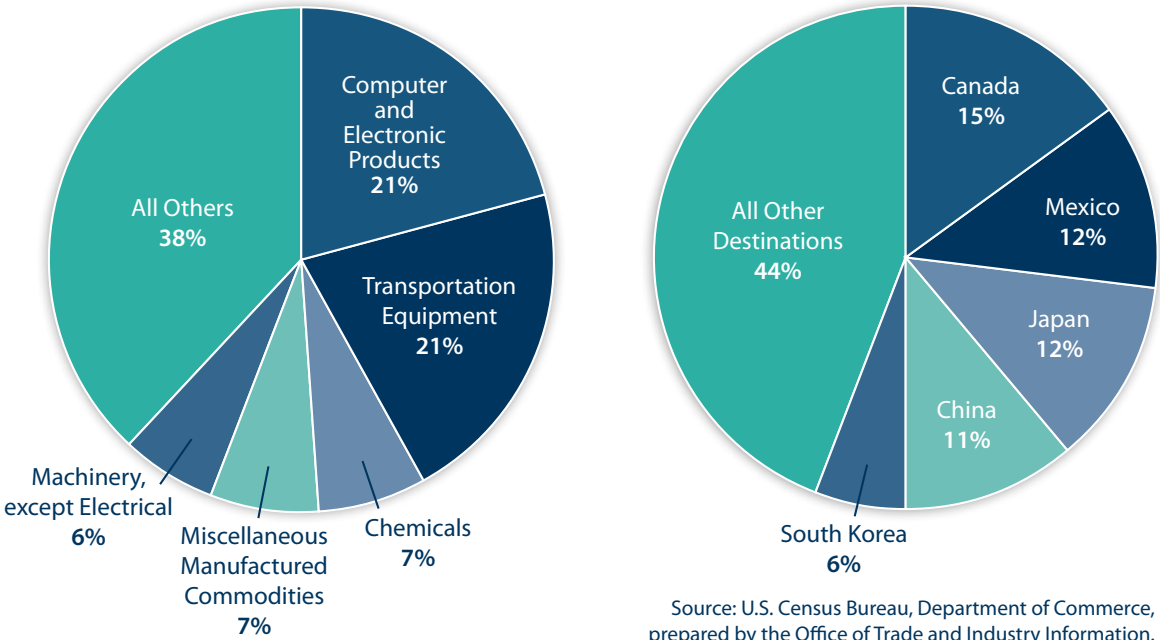
Figure 2. Screenshot: State Export Data



Source: MAS, Office of Trade and Industry Information, TradeStats Express, 2008.

¹⁵ For more information, please contact the Office of Trade and Industry Information (see appendix).

Figure 3. Merchandise Exports for Los Angeles, California, Metropolitan Area, First Half of 2007



Source: U.S. Census Bureau, Department of Commerce, prepared by the Office of Trade and Industry Information.

Metropolitan Data

As U.S. exports play an increasingly important role in regional economic growth, state and local officials need to assess U.S. exports at the local level for strategic planning. To meet this growing need, MAS partnered with the U.S. Census Bureau in the Department of Commerce to compile that information and to make a database available to the public.¹⁶

In 2005, the Census Bureau reintroduced export data on a five-digit Zip Code basis. MAS developed a Web site to package and disseminate the information, which includes merchandise export values for 369 metropolitan areas. The online database also contains metropolitan area exports as a percentage of the state total, product-specific exports to individual countries for the 50 largest metropolitan areas, top global export product categories, and total exports to 10 regional destinations (see Figure 3 for an example). Unlike other trade data at a more aggregated state or national level, the metropolitan data series helps officials at the city and county level to gain a better understanding of the benefits of trade to their localities.

For additional information and to view the complete data series and methodology, visit www.trade.gov/metrodata.

Travel and Tourism Statistical System

MAS collects, analyzes, and disseminates official domestic and international travel and tourism data in support of a more than \$1.3 trillion industry. The information, not available elsewhere, is critical to policymaking and to the travel and tourism industry’s strategic planning and marketing efforts.

¹⁶ For more information, please contact the Office of Trade and Industry Information (see appendix).

MAS manages the Survey of International Air Travelers, which measures quantitative and qualitative aspects of international travelers. This innovative program is a public-private effort that involves more than 80 international airlines and numerous destination management organizations.

MAS has initiated a project to move the survey from the current paper-based system to the Internet and to major reservation systems.¹⁷ This “green” initiative will enhance program efficiencies and reduce unit costs. The project has been featured in *Aviation Daily*, *Travel Advance*, and *Air Transport World*. The statistical system produces visitation and demographic data for the more than 57 million international travelers from more than 200 countries who visit the United States each year. To access the statistics, visit <http://tinet.ita.doc.gov>.

Did You Know...?

Travel and tourism exports account for 7 percent of all U.S. exports and 25 percent of all U.S. exports of services, which positions travel and tourism as America’s single-largest exporter of services.

Source: Bureau of Economic Analysis

International Trade Guides: Plotting a Course to Competitiveness

Even companies experienced at competing in the global economy can benefit from guidance on how to navigate the many different foreign government policies and regulations. MAS recognizes that industry need, and has used its strategic research and its broad market intelligence to create “how to” guides to help U.S. companies increase their exports.

Trade Finance Guide: A Quick Reference for U.S. Exporters

Many U.S. companies, particularly small- and medium-sized enterprises (SMEs), have difficulty navigating the complex landscape of trade finance. The *Trade Finance Guide*, which is now in its second edition, is a concise and easy-to-understand tool that specifically aims to boost the competitiveness of SMEs by helping them learn how to get paid when they expand globally.¹⁸ *The Trade Finance Guide* has garnered overwhelming interest from the exporting community. To date, more than 45,000 copies of the guide have been distributed in print or electronically (available for download at www.trade.gov).



If you have never exported anything, and you say to the foreign buyer that you want cash in advance, they will go elsewhere. We don’t provide financing, but we can play a role in educating the new exporters so they have a better understanding when they apply to the Ex-Im Bank, SBA, or commercial lenders. The future of U.S. competitiveness depends on this kind of education. Knowledge is power.

Yuki Fujiyama, MAS analyst in the Office of Financial Services Industries, who worked on the Trade Finance Guide

¹⁷ For more information, please contact the Office of Travel and Tourism Industries (see appendix).

¹⁸ For more information, please contact the Office of Financial Service Industries (see appendix).

Exporters can obtain printed copies from the Trade Information Center at 1-800-USA-TRAD(E) (1-800-872-8723) and from the Commercial Service's network of domestic Export Assistance Centers.

Clean Energy Guides: China and India

Clean Energy: An Exporter's Guide to China and Clean Energy: An Exporter's Guide to India, which are powered by MAS expertise with resources from ITA's Market Access and Compliance unit, each give a clean energy technology market overview for those two major emerging economies.¹⁹ Those growing sectors include technologies for renewable energy, hybrid and cogeneration, and energy efficiency for power generation; alternative fuels; and advanced technologies for transportation. The reports identify opportunities for trade and investment through 2020.

Competitiveness Papers: Economic Issues in Focus

MAS produces "Competitiveness Papers" to provide the public with detailed information on current topics in trade. The papers take a variety of formats, including fact sheets, scene setters for conferences and workshops, and descriptions of trade and investment opportunities. The papers cover a wide range of topics that include macroanalysis, trade barriers, market access challenges and opportunities, and emerging issues in various sectors. Competitiveness papers are available online at www.trade.gov/mas/reports.asp. Here are some examples of recent papers:

- "Why Privacy Compliance Matters in the Global Economy"
- "Rising Energy Prices and U.S. Industry Competitiveness"
- "Potential Exports of U.S. Clean Coal Technology Through 2030"
- "Energy in 2020: Assessing the Economic Effects of Commercialization of Cellulosic Ethanol"
- "Visas and Foreign Direct Investment: Supporting U.S. Competitiveness by Facilitating International Travel"
- "Impact of the Consolidation of the Russian Aerospace Industry"
- "Information and Communications Technology Policy Issues in Vietnam"
- "Islamic Banking Experiencing Rapid Growth"
- "Foreign-Based Companies Investing in the U.S. Auto Industry"
- "Credit Card Market: Economic Benefits and Industry Trends"

"The Port Playbook": Mitigating Supply Chain Disruptions

MAS provides critical economic data and information for internal use by other federal agencies that is used to identify roadblocks to U.S. competitiveness. For example, in 2006, MAS combined trade and commercial data with information from the National Oceanic and Atmospheric Administration to create "The Port Playbook."²⁰ This document is a groundbreaking tool that allows the Department of Commerce and other agencies to track and compare how key categories of goods flow through U.S. ports. Department of Commerce officials use this tool to quickly identify port-specific conditions that can potentially disrupt trade, block growth, and reduce U.S. productivity.

¹⁹ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

²⁰ "The Port Playbook" is not available to the public because of national security concerns.

Enhancing U.S. Competitiveness Globally

U.S. domestic competitiveness is inextricably linked with the development of U.S. trade and economic policy for the manufacturing and services industries. MAS's team of trade analysts and international economists further U.S. economic interests in such policy discussions by providing critical information with objective, consistent research and analysis on issues affecting the competitiveness of U.S. firms in domestic and global markets. MAS analysts also contribute their specialized knowledge in trade negotiations and other international arenas to ensure that the outcome will strengthen, not undermine, U.S. competitiveness.

Trade Negotiations: Leveling the Playing Field

MAS plays a key role in international negotiations²¹ that affect the competitiveness of U.S. industry. Along with other units of ITA, it serves as a partner with the Office of the United States Trade Representative in multilateral, bilateral, and plurilateral free trade agreement (FTA) negotiations on industrial market access, services, government procurement, rules of origin, and certain non-tariff barriers.²²

MAS promotes policies to advance U.S. national economic interests by balancing the international trade and domestic policy interests of U.S. industry. It does so by supplying industry expertise, providing advanced economic and trade policy analysis, and giving voice to U.S. industry concerns in trade negotiations. Senior decision-makers rely on MAS's analysis to set priorities and to develop negotiating strategies. MAS plays an important role in FTAs: it serves on the negotiating teams and assists in the follow up to explain negotiation results to Congress.

MAS staff bring specialized skills and comprehensive expertise to the Non-Agricultural Market Access (NAMA) negotiations of the WTO. MAS provides vital analysis on U.S. export priorities and import sensitivities to ensure that the WTO Doha Round genuinely reflects U.S. needs and interests. When NAMA negotiating group proposals are made in the WTO, MAS applies advanced statistical software to analyze the effects on the tariff structure and trade patterns of the United States and its trading partners.

MAS analysts have also developed sophisticated analytical tools that facilitate real-time analysis of new proposals. From this analysis, MAS determines the potential effect on the competitiveness of U.S. industries. For example, U.S. export priorities or import sensitivities may evolve with the introduction of new technologies in production or the invention of new products. MAS makes sure that the information is accurately reflected in negotiations so that the United States makes strategic offers and formulates responses that are in the best interests of U.S. companies and the economy.

Standards and Regulations: Reducing Non-Tariff Barriers

The use of standards and conformance measures in technical regulations is increasingly scrutinized. Standards-related issues affect virtually all manufacturing and services sectors, with the potential to negatively affect U.S. competitiveness and to constrain U.S. exports. Non-tariff barriers to trade, such as problems dealing with varying standards and conformance, will be one of the greatest challenges in the coming decade of U.S. trade

²¹ For more information, please contact the Office of Trade Policy Analysis (see appendix).

²² MAS works within ITA and with the Office of the United States Trade Representative to help eliminate barriers to trade in financial services and foreign tariff and non-tariff barriers to U.S. manufactured goods. This effort is part of the recommendations from *Manufacturing in America*.

Did You Know...?

In the first five months of 2008, compared to the same period in 2007, U.S. manufacturing exports with FTA countries have swung from a \$12.3 billion deficit to a \$2.7 billion surplus. Nearly half of the \$15 billion trade balance improvement is attributable to an increase in exports to Canada, a partner in the North American Free Trade Agreement.

Source: Bureau of Economic Analysis

policy. U.S. industry is increasingly seeing the impact that standards and related issues—once viewed primarily as technical issues—can have on its bottom line and ultimate survival, and it is asking the U.S. government to play a greater role.

The private sector drives the U.S. standardization system, but the government has significant involvement. ITA works closely with all of its standards stakeholders to address trade-related concerns that affect competitiveness and to ensure consistent messaging. This public-private cooperation has become even more critical as standards move beyond merely technical matters and encroach on issues that involve public policy and as standards issues are more frequently addressed in government-only fora.

The ITA Standards Liaison's office is housed within MAS and has a special leadership role.²³ By coordinating and implementing activities that are related primarily to how standards and conformance may be used voluntarily or in foreign technical regulations, the Standards Liaison keeps an eye toward improving U.S. competitiveness in the international marketplace. MAS analysts also work closely with the Standards Liaison to address particular issues in specific sectors where their expertise is

needed. The Standards Liaison then collaborates with other ITA offices, U.S. agencies, and private-sector organizations.

In recent years, MAS has addressed standards issues in several areas, including biotechnology and import safety:

- **Biotechnology:**²⁴ In 2008, when the International Organization for Standardization (ISO) announced that it would begin to look at the possible need to develop biotechnology standards, MAS worked very closely with the American National Standards Institute (ANSI), which is the U.S. representative body to ISO, to ensure that the U.S. biotechnology industry's interests were solicited and concerns were addressed. MAS helped industry meetings and worked with ANSI to define important biotechnology industry segments of agricultural biotechnology, medical biotechnology, and other areas. Those different segments each had different positions on whether ISO needed to consider standards development its own particular area. This effort allowed ANSI to push for U.S. industry's definition of its segments at the ISO and to focus ISO's work on areas that would be acceptable to U.S. industry.
- **Import safety:**²⁵ In late 2007, following a series of highly publicized health- and safety-related issues affecting imported food, toys, and other products, the administration established the Interagency Working Group on Import Safety²⁶ to help federal agencies focus on the importance of increasing the safety of both regulated and non-regulated products imported into the United States. Within the Working Group, MAS representatives took a leading role in developing import

²³ This office was created because of the Global Standards Initiative, launched in 2003 by Donald L. Evans, then Secretary of Commerce. *Manufacturing in America* reemphasized the importance of promoting the recognition and use of U.S. technical standards.

²⁴ For more information, please contact the Office of the Standards Liaison (see appendix).

²⁵ For more information, please contact the Office of Health and Consumer Goods (see appendix).

²⁶ The Assistant Secretary of Commerce for Import Administration coordinates the Department of Commerce's participation in the Working Group.

safety-related projects regarding food, toys, medical devices, and pharmaceuticals; in increasing communication with industry on import safety issues; and in providing the government with related industry analysis. MAS also supported a grant from the Market Development Cooperator Program that was designed to increase the safety of certain foods (for example, dietary supplement ingredients) imported from China.²⁷ MAS's import safety work has resulted in greater global acceptance of U.S. health and safety regulations.

Anti-Counterfeit Medical Products Task Force: Protecting Both Intellectual Property and Consumer Safety

The global spread of counterfeit medical products is a serious problem, and losses from counterfeit medical products continue to grow each year.²⁸ The U.S.-based Center for Medicines in the Public estimates that global counterfeit drug sales will reach \$75 billion by 2010. Depending on the geographic area, the percentage of counterfeit drugs on the market varies from less than 1 percent in countries with more effective regulatory systems and market control to more than 30 percent in Africa and parts of Asia and Latin America. In many developing countries, where counterfeit medical products account for 10 to 30 percent of the market, a lack of a strong distribution infrastructure and supply chain management issues can lead to the creation and spread of counterfeit medical products.

MAS and the U.S. Food and Drug Administration lead the Anti-Counterfeiting Medical Products Task Force, which has meetings four times a year. The meetings include industry (innovative and generic), other government agencies, and non-governmental organizations. The groups discuss ways to address the global counterfeit medical products problem and share information on upcoming anti-counterfeit medical product activities.

Because the problem is global in scale, MAS also spearheads global anti-counterfeit medical product initiatives in multilateral fora, such as Asia-Pacific Economic Cooperation's Anti-Counterfeiting Health Products Seminars, the Enhanced Association of Southeast Asian Nations-U.S. Partnership, and the World Health Organization's International Medical Products Anti-Counterfeiting Taskforce. MAS staff continue to coordinate with local and foreign officials, industry, and other interested parties on ways to combat the global spread of counterfeit medical products.²⁹

Innovation Conference: Maintaining Opportunities for U.S. Technologies in China

Innovation is a competitiveness issue for all U.S. industries—not just one specific sector. U.S. companies have been increasingly concerned about China's trend toward "indigenous innovation" policies. Those policies would lead to decreased sales and investment opportunities, and would deny China access to the world's best products and services.

To engage China in a dialogue about the benefits of an open and global approach to innovation, MAS organized the U.S.-China Innovation Conference in December 2007 in Beijing.³⁰ During the conference, more than 200 attendees heard government, industry,

²⁷ The Commercial Service in China and the Office of the China Economic Area of the Market Access and Compliance Unit of ITA have also provided valuable support in implementing this grant.

²⁸ For more information, please contact the Office of Health and Consumer Goods (see appendix).

²⁹ Work in this area supports the recommendation from *Manufacturing in America* to protect U.S. intellectual property.

³⁰ The conference took place under the auspices of the U.S.-China Strategic Economic Dialogue. The Office of the China Economic Area of the Market Access and Compliance unit of ITA coordinates the Department of Commerce's participation.



Some countries need to understand the trade and safety implications that counterfeit products have with drug supply chains and [to] strengthen their regulatory regimes. ...The task force members all have a common goal to protect both the safety of the consumer and the IPR of our companies. We understand and know all the moving parts to the issue, so if anybody needs to know what's going on they come to this office—we're the first stop.

Tajhessa Howard, MAS analyst in the Office of Health and Consumer Goods, who works on the Anti-Counterfeiting Medical Products Task Force

and academic speakers discuss topics such as the problem of government-mandated technology standards unique to China, the need for strong protection of intellectual property rights in China, and the importance of letting markets—not governments—decide how to allocate investment capital in innovative industries.

Conference attendees reached several conclusions, including that the United States and China should continue to work together to foster innovation through efforts such as encouraging the U.S.–China Joint Commission on Science and Technological Cooperation, sharing best practices in measuring innovation, and supporting technology neutrality.³¹

U.S.–Vietnam Information and Communications Technologies Commercial Dialogue: Building Capacity for Trade Growth in Vietnam

American companies that want to do business or invest in Vietnam rely on the information technology and communications infrastructure. Vietnam has a positive attitude toward promoting the use of information and communications technology (ICT) and welcomes technology imports. Vietnam continues to attract investors from the United States and other countries, but certain long-term challenges remain. While some U.S. companies are excited about the prospects in Vietnam, they have also been frustrated that Vietnamese policies are not keeping pace with the country's own dynamically evolving economy and rapid integration into the global economy.

As a result of industry input, MAS proposed the U.S.–Vietnam ICT Commercial Dialogue to the Vietnamese Ministry of Information and Communications. In September 2007 in Hanoi, with help from the American Chamber of Commerce and the Vietnam Chamber of Commerce and Industry, MAS brought together government experts and industry leaders from both countries to consider complex issues in the ICT sector.³² MAS used the first meeting to foster a spirit of cooperation and to lay the foundation for an open dialogue on a wide array of topics, including telecom regulation, software intellectual property rights, network security, and electronic commerce (data privacy for online transactions). The first

³¹ For more information, please contact the Office of Technology and Electronic Commerce (see appendix).

³² The first meeting of the Dialogue was successfully launched through teamwork between MAS and the Commercial Service in Hanoi.

meeting led to the development of a bilateral working group that will coordinate all the activities that the United States and Vietnam undertake in key areas. The ICT Commercial Dialogue Working Group will continue to reach out to businesses from both countries for input and to help prioritize the issues.³³

The dialogue aims to focus capacity-building resources on improving the business and regulatory climate in Vietnam. For U.S. businesses using Vietnam as an alternative manufacturing base in Asia, focusing on those long-term challenges is a worthy endeavor because it boosts the return on investment. The dialogue will both strengthen Vietnam as an export market for the ICT sector and help U.S. companies maintain their competitive edge in the global economy.

U.S.–Brazil Commercial Dialogue: Attracting Venture Capital

Secretary of Commerce Carlos M. Gutierrez launched the U.S.–Brazil Commercial Dialogue to help U.S. firms gain greater market access to this key market.³⁴ The dialogue includes an agreement to enhance bilateral entrepreneurial and venture capital ties between Brazil and the United States. MAS proposed and managed the Working Group on Private Equity and Entrepreneurship to enhance awareness of Brazil among key U.S. investment professionals.³⁵

Did You Know...?

One U.S. job was created for every \$25,000 of venture capital invested between 1970 and 2006.

Source: National Venture Capital Association

MAS's strategy began with an effort to introduce U.S. investors to Brazil as a commercially significant market through an institutional investor learning journey to the Brazilian cities of Rio de Janeiro and São Paulo. Next, MAS worked to influence the policy dialogue for venture investing in Brazil by creating the U.S.–Brazil Venture Capital Task Force. Since the task force's inception in March 2008, private-sector advisers from Brazil and the United States have put forth recommendations to help Brazil create a hospitable environment for venture investment.

Finally, in March 2008 MAS developed and executed, in partnership with Brazil's Agency for Industrial Development, two entrepreneurship symposia held at universities in Rio de Janeiro and São Paulo. Symposia participants compared and contrasted approaches in the U.S. policy environment in an effort to highlight concrete steps that the Brazilian government could take to create a business climate that encourages investment in entrepreneurs.

Safe Harbor Certification Mark: Keeping Data Flowing Across Borders

On behalf of ITA, MAS administers the U.S.–European Union (EU) Safe Harbor Framework, which allows U.S. companies to self-certify that they satisfy the requirements of the EU's 1998 Data Protection Directive.³⁶ Safe Harbor is critical because it facilitates uninterrupted transfers of personal information that support billions of dollars in trade from the EU to the United States. The framework arrangement has been in effect since November 2000, and it ensures adequate protection for EU citizens' personal information and builds on the U.S. self-regulatory approach to privacy, without impeding the further development of electronic commerce. Nearly 1,600 U.S. companies are now participating in the Safe Harbor program (see Figure 4).

³³ For more information, please contact the Office of Technology and Electronic Commerce (see appendix).

³⁴ The Office of Latin America and the Caribbean of the Market Access and Compliance unit of ITA coordinates the Dialogue, with additional logistical support from the Commercial Service in Brazil.

³⁵ For more information, please contact the Office of Financial Service Industries (see appendix).

³⁶ For more information, please contact the Office of Technology and Electronic Commerce (see appendix).

Figure 4. Safe Harbor Total Membership by Year



Companies that participate in the Safe Harbor program have recently requested a certification mark (similar to a company having a Better Business Bureau “BBB” logo on a Web site) to display on their Web sites. MAS responded to those requests by designing, clearing, and obtaining approval for a new certification mark in July 2008 (see figure 5). The certification mark will help companies illustrate their commitment to the Safe Harbor program and their efforts to ensure that EU citizens’ information is secure. The mark will allow MAS to better serve its customers and to make the Safe Harbor program even more robust. EU officials have also noted their support for the certification mark. As the new mark is put into greater circulation, MAS will obtain more feedback from U.S. companies about its benefits.

Figure 5. Sample Illustration of the Certification Mark



Creating New Opportunities for U.S. Firms in an Evolving Global Economy

MAS has a unique role in business development because of its close interactions with industry and its understanding of the evolution of the global economy. Applying MAS expertise in creative and innovative ways opens new doors for U.S. companies overseas.

Market Development Cooperator Program: Above and Beyond Matchmaking

The Market Development Cooperator Program (MDCP), which is managed by MAS,³⁷ builds innovative public-private partnerships by providing federal assistance to non-profit export promoters, such as states, trade associations, chambers of commerce, and world trade centers. Those promoters are particularly effective in reaching and assisting

³⁷ For more information, please contact the Office of Planning, Coordination and Management (see appendix).

SMEs. MDCP awards help underwrite the start-up costs of new export ventures that those groups otherwise might not be able to undertake without federal government support. During the past 11 years, the innovative partnerships have been credited with more than \$238 million in exports annually—a return of \$104 for every \$1 invested.³⁸

MAS analysts often work with MDCP grantees to improve the effectiveness of their programs. For example, starting in 2001, MAS began working with the Evergreen Building Products Association to promote primary wood and non-wood building products, systems, and technologies to China. The project, dubbed U.S.-China Build (USCB),³⁹ offered an integrated approach to export growth of U.S. building materials. Activities focused on creating market demand for U.S. building materials in China and on expanding outreach and educating American exporters.

Using its industry expertise and knowledge of the market, MAS made a recommendation to USCB participants that the MDCP grant should include technical and standards education for Chinese government officials on building codes and product standards. As a result of expanding the original plan to include technical discussions, four sections of Chinese building codes and standards related directly to U.S. building materials, designs, testing and certification procedures, and fire protection were completely revised.⁴⁰

As the U.S.-China Build project drew to a close in 2006, evidence of its success included the following:

- An increase of \$22 million in exports and other eligible transactions, which represents a 62 to 1 return on the grant
- Participation of 213 companies in USCB program activities, including 197 SMEs that were all nearly new to the market
- Meetings between more than 300 Chinese government and private enterprise officials and numerous USCB cooperators and companies.

Source: MDCP Quarterly Performance Reports, 2006

Trade Missions: Making Connections

Trade missions are structured to open markets; to identify and secure export and investment opportunities for American businesses; and to showcase American products, technology, and expertise worldwide to increase job opportunities for all Americans. Typically, a high-level Department of Commerce official takes a delegation of company representatives from a wide array of sectors to a specific country. However, MAS recognizes the need to organize industry-specific trade missions to elevate and demonstrate high-level U.S. government support for growing sectors where U.S. innovation is competitive. MAS industry experts serve as the primary point of contact for participating companies and coordinate policy issues; they help business delegates make the most of their visits.

³⁸ Based on MDCP Quarterly Performance Reports.

³⁹ For more information, please contact the Office of Materials and Machinery (see appendix).

⁴⁰ The Commercial Service in China played a key role in coordinating trade missions, conferences, and outreach; the Office of the China Economic Area of the Market Access and Compliance unit of ITA also provided support in the form of market research and information on standards.

- **Asia-Pacific Partnership (APP) on Clean Development and Climate:**⁴¹ Although opportunities for cleaner and more efficient technologies to curtail the growth of greenhouse gas (GHG) emissions are abundant in China and India, many obstacles remain, both from a business and an environmental point of view. The APP is a joint effort by the United States and six Asian-Pacific nations: Australia, Canada, China, India, Japan, and South Korea. The APP’s purpose is to develop a public-private partnership to accelerate the development and use of cleaner and more efficient technologies and practices throughout the region. Through the partnership, MAS developed three Clean Energy and Environmental Trade Missions in 2007 and 2008 to China and India.⁴²
- **Civil Nuclear Trade:**⁴³ Interest in expanding capacity to generate nuclear energy is growing worldwide, and U.S. companies are finding numerous new foreign marketing opportunities. Industry has expressed concern that foreign competitors are gaining a competitive advantage over U.S. firms because of advocacy by governments. MAS will address this imbalance in several ways, including organizing a trade mission specifically for civil nuclear trade.

Results from the Clean Energy Trade Missions

- In addition to setting up meetings with foreign government decision-makers, MAS helped arrange numerous meetings for U.S. participants with local firms. Approximately 600 one-on-one meetings occurred per mission.
- On the policy front, MAS addressed U.S. companies’ complaints about India’s tax laws for wind energy, which created incentive to install wind turbines rather than actually generate electricity from wind. The scheme led to the installation of inefficient turbines, which put U.S. companies’ more efficient, albeit more expensive, wind turbines at a competitive disadvantage. MAS raised the issue with Shri Vilas Muttemwar, India’s secretary of the Ministry of New and Renewable Energy. In March 2008, he announced that India was changing its laws to create incentives for wind generation.

Competing for Chinese Visitors: Signed, Sealed, and Delivered

According to the United Nations World Tourism Organization, China is the fastest-growing travel market in the world, and it will become the world’s fourth-largest source of outbound travelers by 2020. Figure 6 depicts the forecasted growth of Chinese visitation in the United States during the next decade. In 2007, more than 28 million Chinese citizens traveled outside their country, but the United States barely received 1 percent of Chinese outbound travelers.

Chinese law restricts the sale and marketing of outbound group leisure travel to countries that do not have an agreement with China. In December 2007 in Beijing, to remove the barrier, U.S. Commerce Secretary Gutierrez and Shao Qiwei, chair for the China National Tourism Administration, signed the “Memorandum of Understanding (MOU) between the

⁴¹ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

⁴² MAS partnered with the Market Access and Compliance unit of ITA and the Commercial Service in China and India to implement these trade missions.

⁴³ For more information, please contact the Office of Energy and Environmental Industries (see appendix).

Government of the People's Republic of China and the Government of the United States of America to Facilitate Outbound Tourist Group Travel from China to the United States."⁴⁴ As a result of signing the MOU, Chinese restrictions on outbound group leisure travel to the United States have been eased, and Chinese leisure travelers may now travel to the United States in group tours.

The MOU creates a new opportunity for U.S. operators to work with Chinese travel agencies to create and market U.S. tour packages to Chinese group leisure travelers. More than 100 U.S. companies have already been approved to work with Chinese travel agencies under the MOU, and significant increases in the marketing of U.S. destinations and travel services are expected.⁴⁵



This MOU opens China's growing market to U.S. travel and tourism industries. Now, more Chinese visitors can experience America's hospitality, cultural diversity, and natural beauty. Increased visitation from China will boost overall visitation to the United States, strengthen the relationship between our nations, and forge new friendships between our peoples.

Secretary of Commerce Carlos M. Gutierrez

U.S. Commerce Secretary Gutierrez and Chair for the National Tourism Administration of China Shao Qiwei after signing the Memorandum of Understanding facilitating outbound tourist group travel from China.

International Students: Multimedia Fair Promotes Education as a Services Export

U.S. institutions of higher education currently generate annual revenues of approximately \$14.5 billion from foreign students. MAS developed and runs one of the most innovative trade expansion projects in the Department of Commerce—the U.S. Electronic Education Fair.⁴⁶ Beginning in 2006 with programs in China, which were later extended to India, MAS developed and implemented a technologically diverse program to attract foreign students to U.S. colleges and universities.⁴⁷ The innovative public-private multimedia campaign utilizes television, the Internet, and on-ground activities to showcase U.S. higher education opportunities. So far, the China Internet landing page (www.LiuXueUSA.cn) and India Internet landing page (www.namastestudyusa.com) have registered more than 580,000 visitors combined. The India Internet landing page provides prospective students with additional information about studying in the United States, contains links to U.S. institutions, and offers a chance to watch the television documentaries and short broadcasts. The project has been featured in *Seventeen India*, as well as related articles in *Newsweek International* and *Voice of America*.

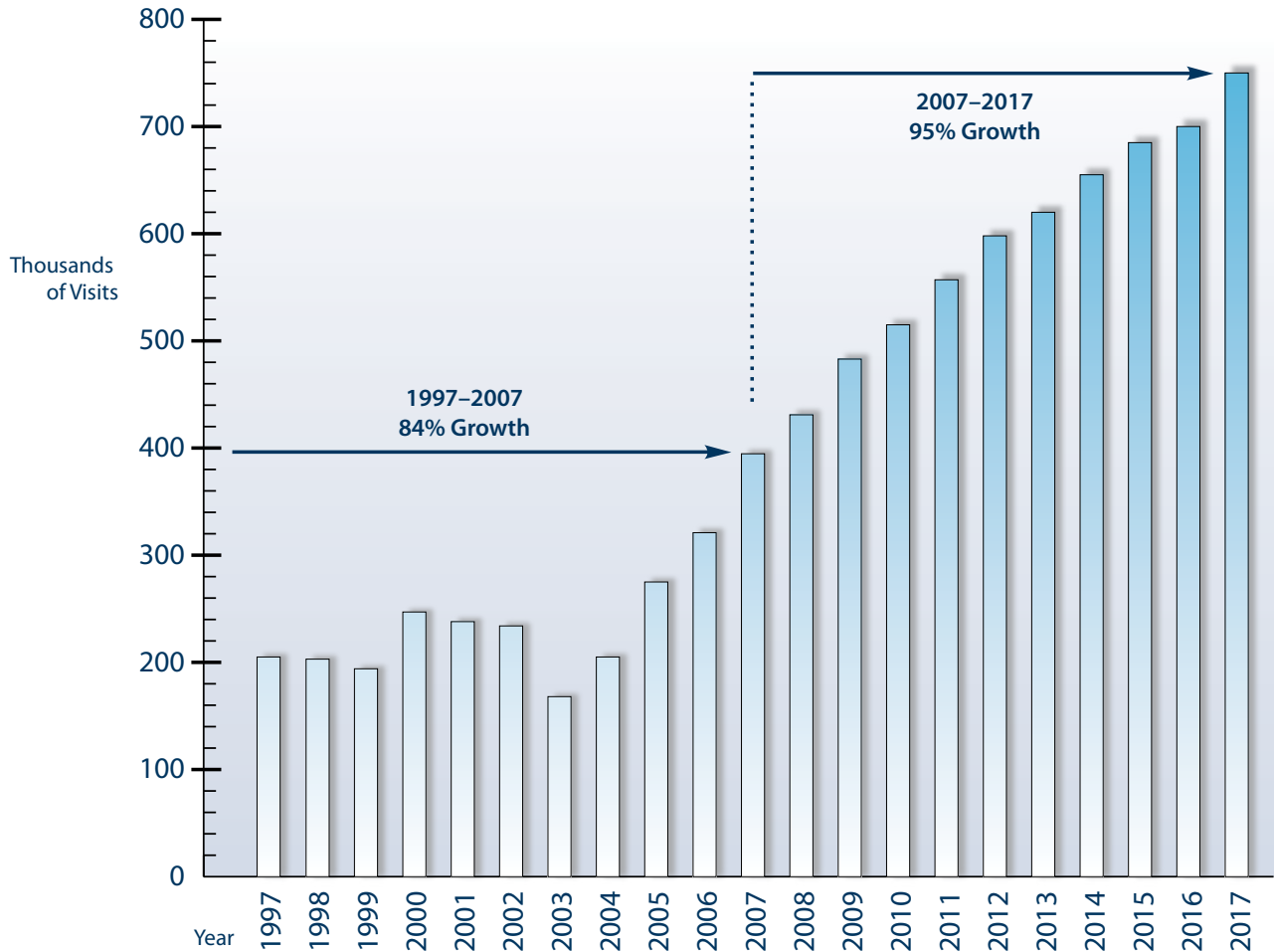
⁴⁴ The Office of the China Economic Area of the Market Access and Compliance unit of ITA and the Commercial Service in China provided valuable support towards the signing ceremony of the MOU.

⁴⁵ For more information, please contact the Office of Travel and Tourism Industries (see appendix).

⁴⁶ For more information, please contact the Office of Travel and Tourism Industries (see appendix).

⁴⁷ The Market Access and Compliance unit of ITA and the Commercial Service provided valuable support towards implementing these programs.

Figure 6. Chinese Visits to the United States, 1997–2017



Source: Tourism Economics, 2008

Supplying “Transplant” Companies: Using the Home Field Advantage

When market demands change, companies look for new opportunities to sell their products and services. This is especially true today in industries that are part of the evolving global supply chain. For example, many companies in the U.S. metalworking industry no longer supply long-term customers in traditional end-use industries, such as the domestic automobile industry. However, in recent decades, several foreign automobile manufacturers have gradually moved operations to the United States to benefit from the advantages of manufacturing and selling directly in the U.S. market. While those foreign “transplant” companies have continued sourcing from some of their traditional suppliers, they do offer an important growth opportunity to U.S. firms. Since February 2008, MAS has organized a series of industry roundtables and informal discussions on accessing the global supply chain of foreign transplant manufacturers with several leading metalworking industry trade associations.⁴⁸ Because of the dialogue, MAS has identified some common industry objectives and is working with industry to develop a best practices model for metalworking industry companies seeking new business from transplant manufacturers.

⁴⁸ For more information, please contact the Office of Materials and Machinery (see appendix).

The Way Ahead

Future challenges to U.S. competitiveness lie ahead as the U.S. economy becomes increasingly globalized, service-oriented, and knowledge intensive. Some of the challenges include addressing energy and environmental needs, workforce development, and infrastructure. MAS will continue to promote a pro-business environment in the United States that reduces the cost of doing business and minimizes structural and sectoral burdens. In addition to the programs and activities already described in this report, MAS has begun work in several areas designed to increase the competitiveness of the U.S. economy for the future, including the projects described below.

Manufacturing 2040

Many critical issues—including community and regional economic development, health care, social security, education, employment and work opportunities, technology change, trade and aid agreements, immigration, environmental and climatic concerns, geopolitical influence, and national security—are intricately entwined with the performance of U.S. manufacturing. Indeed, policies established in many of those areas will likely influence the future performance of U.S. manufacturing. At the same time, the performance of manufacturing may influence the trajectory of policy.

However, policy decisions that make sense in the short term often create much larger problems in the long term because of the circumstances underlying the policy change. MAS initiated the Manufacturing 2040 project to consider long-term issues and their implications for current and future policy.⁴⁹ To frame this discussion, participants identified a set of scenarios for the future of U.S. manufacturing. The scenarios provide a framework to map out the future role, importance, and competitiveness of U.S. manufacturing and the implications for U.S. policy.

MAS launched Manufacturing 2040 by hosting a two-day workshop that brought together executives and experts from manufacturing, academia, and government. It will continue to facilitate this public-private partnership and, in particular, will work to catalyze the national discussion on this critical issue. To further those efforts, the Manufacturing Council⁵⁰ recently adopted the Manufacturing 2040 project as one of its primary initiatives. In addition, MAS and the Department of Commerce's National Institute of Standards and Technology are creating a Web portal to facilitate the Manufacturing 2040 discussion now and into the future.

Supply Chain Infrastructure

A modern transportation infrastructure is critical to maintaining U.S. competitiveness in the global economy. Representatives from across the transportation industry have raised concerns about the capacity, quality, and resilience of the nation's infrastructure, and the issue has taken on new significance as the United States enters a world of rising energy costs and expanding trade. Industry believes that this issue should be treated in an integrated fashion that recognizes the links between the various elements of the system—whether maritime, land transport, or air services.

⁴⁹ For more information, please contact the Office of the Assistant Secretary for Manufacturing and Services (see appendix).

⁵⁰ The Manufacturing Council is a private-sector advisory group that was established in response to a recommendation from *Manufacturing in America*.

In order to address these issues, MAS is developing a program of conferences and workshops to highlight the challenges of fully modernizing transportation infrastructure in the United States.⁵¹ MAS will work closely with industry stakeholders and key U.S. agencies in the transport and security field to identify likely paths of development for U.S. transportation infrastructure, the financing options available, and the policies needed to move forward. MAS is also working to organize a new industry advisory committee to ensure that the industry's concerns about infrastructure are fully integrated into trade policy planning.

Civil Nuclear Energy

Addressing the nation's massive energy challenge is important to the economy, the environment, and national security. Clean and reliable nuclear energy is a critical component of the U.S. strategy to meet that challenge. Interest in expanding the capacity to generate nuclear energy is growing rapidly worldwide, and numerous new foreign marketing opportunities are presenting themselves to U.S. companies. With renewed U.S. support for global expansion of civil nuclear energy use for peaceful purposes, increased U.S. government coordination as well as consultation with industry is needed to strengthen U.S. companies' prospects in bidding for new projects, particularly because foreign firms benefit from strategic government support.

The Civil Nuclear Trade Initiative, developed by MAS,⁵² was formally launched in October 2008 at the Civil Nuclear Energy Summit hosted at the Department of Commerce. The Summit, co-organized with the Department of Energy, was an all-day event focused on renewing America's nuclear energy partnership for energy security and economic growth and included over 200 leaders in the field. The Initiative is designed to strengthen the competitiveness of the U.S. civil nuclear industry. In addition to trade promotion events (see page 27 "Trade Missions") the initiative created a new interagency Trade Promotion Coordinating Committee Working Group to coordinate the U.S. government's international policy and activities affecting the U.S. civil nuclear industry. MAS will also facilitate industry input to that process from the newly established Civil Nuclear Industry Trade Advisory Committee (see page 11 "Advisory Committees").

Did You Know...?

The United States exports more than \$52,000 of goods and services every second.

Source: Bureau of Economic Analysis

Telemedicine

A growing and aging U.S. population, an increased incidence of chronic diseases, slow growth in the number of health professionals (for example, doctors, nurse practitioners, registered nurses), and a limited number of health professionals in rural areas are all factors that drive the need to review and potentially reform the U.S. health care sector. Telemedicine, which is broadly defined as methods to electronically transmit medical information to evaluate a patient's health, is viewed as one of the ways to transform the U.S. health care system to a patient-centered model with more diverse treatment options.

Telemedicine will contribute to U.S. competitiveness by improving the timeliness and quality of treatment—for example, remotely linking patients in rural areas to specialists located anywhere in the United States. This in turn would reduce medical expenditures overall and could eventually make healthcare more affordable for U.S. workers and businesses.

⁵¹ For more information, please contact the Office of Service Industries (see appendix).

⁵² For more information, please contact the Office of Energy and Environmental Industries (see appendix).

Telemedicine issues cut across several sectors, including health, technology, and services. Being on the forefront of innovation for this field can also bring new opportunities for U.S. companies in the evolving global economy. The knowledge and expertise of MAS analysts in those areas makes MAS well positioned to identify the opportunities or obstacles for this new sector. MAS will work with industry and other stakeholders in their efforts to explore the future of telemedicine and its contribution to better, less expensive health care.⁵³

Metrics for Sustainable Manufacturing

Reducing the cost of doing business and helping the environment at the same time is a win-win proposition for firms and their communities—and a challenge for industry into the future. Sustainable manufacturing is the use of processes that are non-polluting; that conserve energy and natural resources; that are economically sound; and that are safe for employees, communities, and consumers. It holds the promise for meeting that challenge. But can sustainable manufacturing practices actually help a company's bottom line?

MAS listened to industry's need to measure the benefits of using those practices. MAS has begun working with other countries to establish voluntary metrics so that businesses can measure cost-effectiveness and environmental benefits of sustainable manufacturing best practices. The work, which is funded through contributions from the Organization for Economic Cooperation and Development (OECD) and the private sector, is scheduled to be completed by the end of 2009.

⁵³ For more information, please contact the Office of Health and Consumer Goods (see appendix).

Conclusion

American industry can look to MAS as a partner and a resource for improving their competitiveness in an increasingly global market. U.S. industry today has vast opportunities for innovation, expansion, and job creation, and MAS is committed to effectively help American businesses succeed. Currently, MAS covers more than 90 percent of industries in the U.S. economy, including raw materials, high-tech products, and basic construction and environmental services. As these U.S. industries grow, new challenges will be met by a dedication to increasing comprehensive expertise to keep U.S. industry competitive.

MAS works daily to enhance U.S. competitiveness. MAS staff understand that U.S. and global commerce includes traditional competitiveness issues as well as new challenges inherent in the evolving global economy. From standards and rules of origin, to reconfiguring supply chains and the interdependence of manufacturing and services, MAS is delivering results.

In its short tenure, MAS has rooted itself in service to U.S. industry—and to the U.S. economy as a whole. This foundation is particularly important because the domestic and international commercial, trade, and investment landscapes are converging; business is changing; and the premiums are rising. MAS provides sound, practicable, and actionable analysis and data to influence the policy and regulatory debate on behalf of U.S. competitiveness.



“There is no one silver bullet for enhancing U.S. competitiveness, but MAS’s strength is in our bottom-up approach to understanding business competitiveness. We respond to an industry or sector issue by analyzing its consequences in a holistic manner and providing well thought-out, objective information for the policy debate.”

Deputy Assistant Secretary for
Industry Analysis Praveen Dixit

Appendix:

Office of Manufacturing and Services Contact Information

www.trade.gov/mas • www.manufacturing.gov

Office of the Assistant Secretary (202) 482-1461 • (202) 482-5697 (fax)

Name of Office <i>(with sample Industries)</i>	Phone/Fax
Manufacturing	
Office of Energy and Environmental Industries <i>Clean Energy, Civil Nuclear, Environmental Technologies</i>	(202) 482-5225/(202) 482-5665
Office of Materials and Machinery <i>Building Supplies, Heavy Machinery, Metals, Chemicals, Forest Products</i>	(202) 482-0575/(202) 482-1436
Office of Aerospace and Automotive Industries <i>Aircraft, Space Vehicles, Cars, Trucks, Parts</i>	(202) 482-0554/(202) 482-0674
Office of Technology and Electronic Commerce <i>Computers, Software, Microelectronics, Telecommunications, E-commerce</i>	(202) 482-0216/(202) 482-5522
Office of Health and Consumer Goods <i>Pharmaceuticals, Medical Devices, Foods, Toys, Motorcycles</i>	(202) 482-2470/(202) 482-0975
<hr/>	
Services	
Office of Travel and Tourism Industries <i>Entry/Exit Policies, Tourism Statistics</i>	(202) 482-0140/(202) 482-2887
Office of Financial Service Industries <i>Banking, Venture Capital, Ex-Im Bank, Export Financing, Insurance</i>	(202) 482-3277/(202) 482-5702
Office of Service Industries <i>Transportation Supply Chain, Education, Healthcare Services, Express Delivery</i>	(202) 482-3575/(202) 482-2669
<hr/>	
Industry Analysis	
Office of Trade Policy Analysis <i>Analysis of Trade Negotiations, WTO, FTAs, Sustainable Manufacturing</i>	(202) 482-5675/(202) 482-5875
Office of Competition and Economic Analysis <i>Analysis - Regulatory, Economic and Exchange Rate; Export Trading Company Act</i>	(202) 482-5145/(202) 482-4614
Office of Trade and Industry Information <i>Trade Statistics Data, Metro Export Data</i>	(202) 482-4691/(202) 482-3968
<hr/>	
Standards Liaison <i>Standards, Conformity Assessment, Technical Regulations</i>	(202) 482-8164/(202) 482-0382
Advisory Committees <i>ITACs, PEC, Manufacturing Council, Travel and Tourism Advisory Board</i>	(202) 482-4501/(202) 482-4452

The International Trade Administration's mission is to create prosperity by strengthening the competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements.



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