



STRATEGIC GOAL 1

PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Increase private enterprise and job creation in economically distressed communities (EDA)	6 of 6
Improve community capacity to achieve and sustain economic growth (EDA)	6 of 6
Enhance U.S. competitiveness in domestic and international markets (ITA)	2 of 4
Broaden and deepen U.S. exporter base (ITA)	5 of 6
Increase access to the marketplace and financing for minority-owned businesses (MBDA)	5 of 5
Identify and resolve unfair trade practices (ITA)	5 of 6
Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	5 of 5
Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)	1 of 1
Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)	1 of 1
Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments (ESA/Census)	5 of 5
Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner (ESA/BEA)	6 of 6



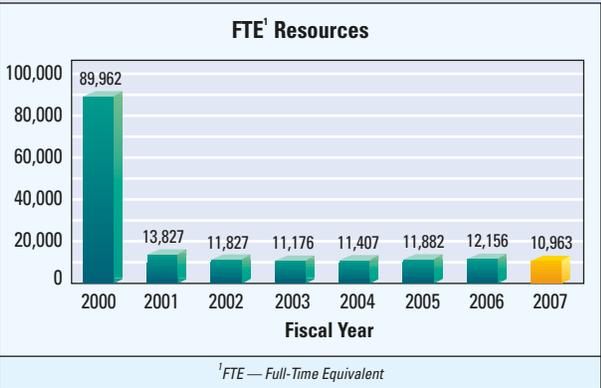
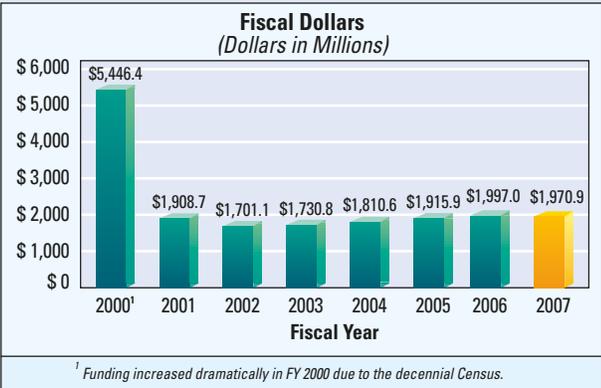
STRATEGIC GOAL 1 * PERFORMANCE SECTION



STRATEGIC GOAL 1

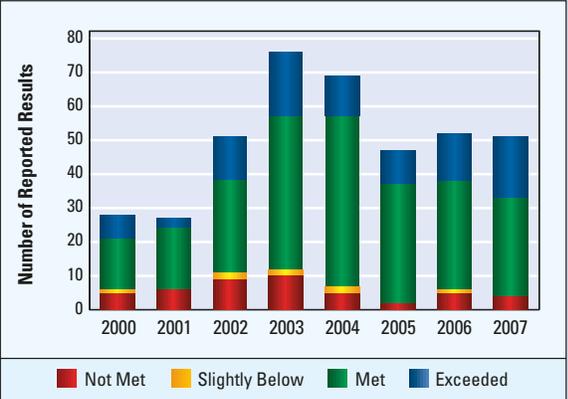
Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

STRATEGIC GOAL 1 TOTAL RESOURCES



The Department is committed to opening and expanding foreign markets for U.S. goods and services and improving the Nation's export performance. The Department, through the International Trade Administration (ITA), will promote U.S. export growth through the implementation of the Trade Promotion Coordinating Committee's (TPCC) National Export Strategy, ensuring that policies and priorities are consistent with national security and U.S. foreign policy objectives. The Department enhances cooperation with its partnership organizations so that U.S. businesses can benefit from global business through free market trade negotiations and through identified priority markets. The Department continues to focus on fostering a level playing field for U.S. firms through development of trade policy positions, advancement of negotiating positions, and through effective execution of U.S. trade laws intended to curb and combat predatory trading practices.

STRATEGIC GOAL 1 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.



PERFORMANCE SECTION * STRATEGIC GOAL 1

The Department, through the Bureau of Industry and Security (BIS), ensures that export controls do not unduly disadvantage U.S. firms in world markets by eliminating outdated controls and streamlining the process for obtaining export licenses for products that remain under export controls. These continual improvements are being made while being mindful of the dual-use nature of some commercial technologies and the national security implications of those technologies.

The Department, through the Economics and Statistics Administration (ESA), provides decisionmakers with timely, relevant, and accurate economic and statistical information related to the U.S. economy and population. The Department is at the forefront of national efforts to continually improve these statistics. Through the Census Bureau, the Department is planning a re-engineered Decennial Census, which will use technology and automation to increase the accuracy and reduce the risk of this core constitutional responsibility. The Department seeks to understand the strength and direction of the economy as well as the determinants of growth as the nation shifts to more knowledge-based and skill-based industries. Through investments in the improvement of the accuracy of gross domestic product (GDP) and international trade in goods and services measures by the Bureau of Economic Analysis (BEA), the Department can supply the economic statistics essential to sound business forecasting and monetary policy.

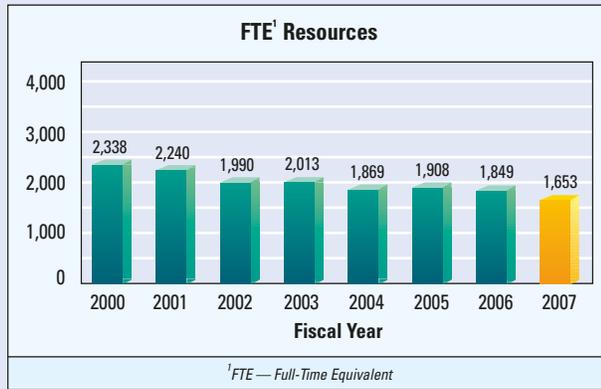
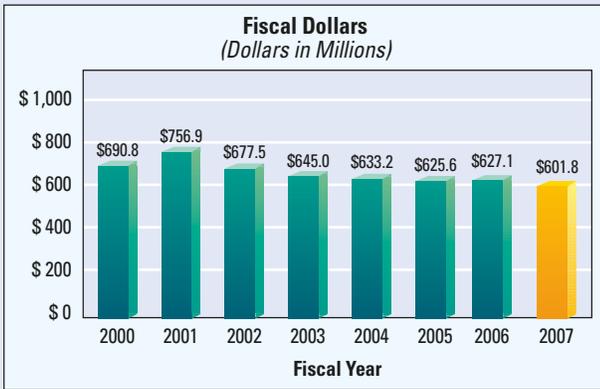
In support of disadvantaged individuals and communities, the Department, through the Economic Development Administration (EDA), promotes private enterprise and job creation in economically distressed communities and regions by investing in projects that produce jobs and generate private capital investment. Likewise, the Department, through the Minority Business Development Agency (MBDA), promotes private enterprise and investment within minority communities.

The Department successfully moved this strategic goal forward in FY 2007. Bureaus with programs supporting this strategic goal are EDA, ITA, MBDA, BIS, and ESA's Census Bureau and BEA.

STRATEGIC OBJECTIVE 1.1

Enhance economic growth for all Americans by developing partnerships with private sector and non-governmental organizations

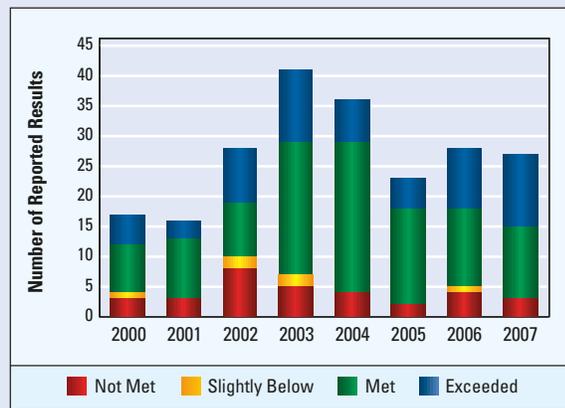
STRATEGIC OBJECTIVE 1.1 TOTAL RESOURCES



This objective focuses on increasing private enterprise and job creation in economically distressed communities and regions, improving community capacity to achieve and sustain economic growth, increasing trade opportunities for U.S. firms to advance U.S. international commercial and strategic interests, expanding the U.S. exporter base, improving the U.S. competitive advantage through global e-commerce, and increasing opportunities and access for minority-owned businesses to the marketplace and financing.

EDA provided a \$1.2 million investment to the Moultrie-Colquitt County Development Authority in Moultrie, GA. This partnership investment with the City of Moultrie provided the wastewater sewer improvement infrastructure to support

STRATEGIC OBJECTIVE 1.1 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

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a high-tech poultry processing plant and assisted in the diversification of the local agriculturally-based economy. The private investment exceeded the original forecasted private investment of \$80 million. This investment also addressed the region's Comprehensive Economic Development Strategy (CEDS) through state and local collaborations, and focused on enhancing the regional agribusiness cluster to diversify the local economies of rural southwest Georgia. Part of the project supported a partnership between Moultrie and Valdosta Technical Colleges and the poultry processing plant to train the plant workers and contract growers to handle state-of-the-art technology.

An EDA investment in the city of Hornell, NY, assisted in the expansion of the South Yard Industrial Park and consisted of the construction of a 400-foot access road and a 15,000 square foot manufacturing building. An initial estimate indicates it has exceeded its private investment and job creation forecasts of \$13.2 million and 115 jobs respectively, and was consistent with the region's CEDS. Most importantly, the investment addressed EDA's investment funding priorities by promoting regionalism and entrepreneurship. It leveraged the area's transit car construction/refurbishing cluster, was tailored to the existing skills of the local workforce, and is now home to a start-up company.

Another EDA investment in Joplin, MO, aided in the purchase and renovation of an 11,000 square foot building for reuse as a small business incubator, the Joseph Newman Innovation Center (JNIC). Since its opening, nine companies have rented space in the center. The center currently houses six companies and is reviewing four other companies. The center was constructed as part of a 2001 Joplin Chamber of Commerce plan to attract firms based on the area's information technology-driven and entrepreneurial culture. It is estimated that at least 400 jobs will be created as a result of the JNIC and approximately \$13.5 million in private investment will be leveraged.

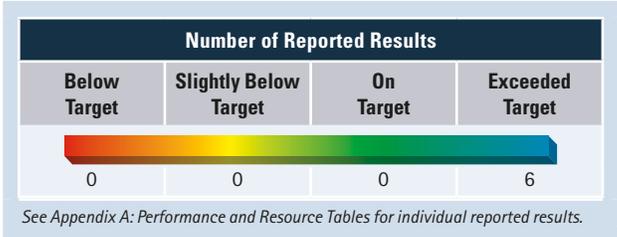


RENASANT CENTER for IDEAs

EDA awarded a \$1,625,000 investment to Lee County, MS and Community Development Foundation to establish a business incubator. This incubator, located in Tupelo, MS, just recently opened and is presently operating with over eight businesses creating 24 new jobs.

Performance Outcome: Increase private enterprise and job creation in economically distressed communities (EDA)
 Working with economically distressed communities and regions to create jobs and expand the economy.

Preliminary data collected through the Government Performance and Results Act (GPRA) process for investments made in FY 1998, FY 2001, and FY 2004 indicate that these EDA investments have helped generate more than \$48 billion in private sector investment and create and retain 139,600 jobs.



EDA tracks the amount of private investment generated and jobs created or retained as a result of EDA investments at three, six, and nine-year intervals. The following table shows the targets and actuals for the amount of private investment generated and jobs created or retained for funding provided in FY 1998, FY 2001, and FY 2004.

EDA INVESTMENTS IN FY 1998, FY 2001, AND FY 2004			
	YEAR INVESTED		
	1998	2001	2004
PRIVATE INVESTMENT GENERATED			
Target	\$1,300M	\$1,200M	\$330M
Actual	\$1,937M	\$2,118M	\$810M
# Difference	\$637M	\$918M	\$480M
% Difference	49%	77%	146%
JOBS CREATED/RETAINED			
Target	54,000	36,000	8,998
Actual	73,559	49,806	16,274
# Difference	19,559	13,806	7,276
% Difference	36%	38%	81%

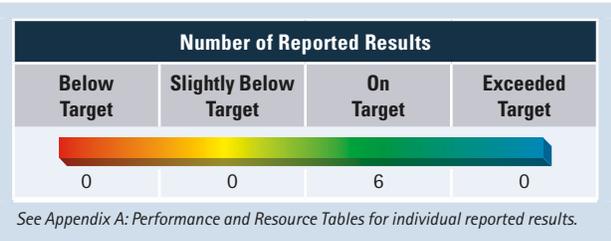
In FY 2007, a F5 tornado touched down on the City of Greensburg, KS that virtually destroyed the entire town of some 1,500 residents. A pending EDA investment of \$50,000 will assist Greensburg with the hiring of an Economic Recovery Coordinator/Planner. The planner will identify redevelopment areas within the city, review existing city ordinances and current building codes, identify environmental impacts, and coordinate between the four primary sectors of the community including business, residential, health and education.

All EDA investments are compliant with EDA's Investment Policy Guidelines to ensure that an investment will be part of an overarching, long-term strategy that enhances a region's success in achieving a rising standard of living, and will demonstrate a high degree of commitment by exhibiting strong cooperation between the business sector; relevant regional partners; and local, state, and federal governments. Peer reviews are conducted every three years for each Economic Development District (EDD) Partnership Planning investment recipient, and the EDA regional offices continue to monitor the performance of all investment recipients.

Performance Outcome: Improve community capacity to achieve and sustain economic growth (EDA)

Support local planning and long-term partnerships through technical assistance to help distressed communities.

EDA continues to build upon partnerships with local development officials: EDDs; University Centers (UC); faith-based and community-based organizations; and local, state, and federal agencies. Through these partnerships, EDA supports local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, and leverage outside resources to improve the local economy to sustain long-term economic growth.





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EDA's capacity-building programs include Partnership Planning, in which EDA designates and funds EDDs. EDD funding supports local officials to develop or revise and implement their CEDS. The CEDS is a long-term strategic plan for the economic growth of the region, and communities therein, that identifies projects that will attract private investment, and create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the Nation's most economically distressed regions. For example, the Cowlitz-Wahkiakum Council of Governments in Washington used the CEDS to identify and subsequently fund 45 new initiatives, of which five were related to infrastructure, 24 to building construction and rehabilitation, nine to technical assistance, and seven to planning efforts.

The UC Economic Development Program is a partnership between the federal government and academia that helps to make the varied and vast resources of universities available to economic development communities. In FY 2007, EDA completed its second three-year competition cycle for UC funding; open competitions for UC funding were held in EDA's Denver and Austin regional offices.

In Alabama, the Atlanta region awarded a UC investment to the Auburn University Technical Assistance Center (ATAC is an EDA UC). ATAC, working with the City of Auburn Economic Development Department and local industry, created the Auburn Training Connection (ATC) to serve as the workforce development arm of the City of Auburn.

ATC's first initiative was to work with ATAC and industry leaders to identify the skills and abilities needed for their business processes, the training that was available, and then define the training gaps. ATC worked closely with local high schools, the community college, and the State Department of Education to implement an Industrial Technology curriculum. A multi-craft maintenance apprenticeship program was also developed to allow local industry employees to receive college credit.

EDA's 11 Trade Adjustment Assistance Centers (TAAC) provide technical assistance to manufacturers and producers that have lost employment, sales, or production due to increased imports of competitive goods. The goal of the technical assistance is to assist these U.S. companies to become more competitive in the global economy. Businesses that receive TAAC aid commonly request assistance to undertake market research; develop new marketing materials, initiate e-commerce, identify technology, computer systems and software to meet specific needs of the firm; and complete a quality assurance program.

Examples of technical assistance tasks to be implemented from approved adjustment proposals are as follows:

In California, a manufacturer of Ethernet data and voice switches received \$26,250 in program assistance to design engineered pre-built and pre-tested embedded network switch solutions. The company projected an \$853,000 increase in sales and the hiring of 56 additional employees by the anticipated project completion date of March 2009. In Nebraska, a wooden door manufacturer received \$24,000 in program assistance to evaluate its lumber sources, create a work flow plan, and develop sales and marketing strategies. In Florida, a synthetic fiber manufacturer received \$76,625 in program assistance to obtain ISO 9000/2000 certification and improve marketing, equipment training, and product design. In 2005 and 2006 the firm made significant capital investments in its facility and also plans to spend additional funds on implementing additional recovery strategies outside the scope of TAAC funding.

Research endeavors funded by EDA significantly contribute to the economic development literature. The Research and National Technical Assistance Program (RNTA) supports research of leading, world-class economic development practices, and funds information dissemination efforts. This research is shared with stakeholders via publications and Web accessible documents on the EDA Web site.



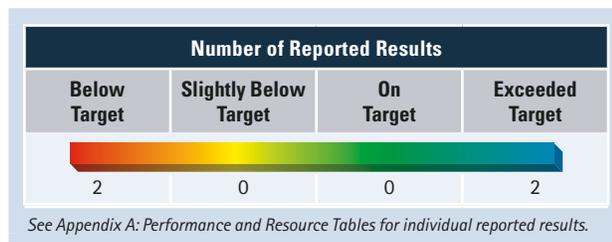
Through RNTA, Western Carolina University's Institute for the Economy and the Future, University of Illinois Urbana-Champaign's Regional Economics Applications Laboratory, and the American Chamber of Commerce Research Association (ACCRA), conducted the Regionalism and Clusters for Local Development project to develop and distribute a curriculum that will enable practitioners to better understand and apply core concepts of regionalism and industry cluster development. The universities organized the research into two major projects: Project One built a comprehensive national database for cluster studies. Project Two used the database developed in Project One to analyze the cluster structure of regions, using a six-county region in Indiana as a case study. The results showed that practitioners have a wide array of concerns and priorities concerning issues where regional solutions may prove particularly appropriate. It also showed that many practitioners recognize the benefits derived by attending workshops related to regionalism or industrial clustering. However, greater efforts must be made to better equip practitioners with the knowledge necessary to effectively apply and utilize these concepts.

In FY 2007, EDA funded a research grant under the Research and Evaluation program to Purdue University. Purdue, in cooperation with the Indiana Business Research Center of Indiana University, produced the study, "Unlocking Rural Competitiveness: The Role of Regional Clusters." The research resulted in a database, analytical tools, and processes to help rural regions assess their economic competitiveness and create strategies for growth and development. The study emphasized the challenges rural areas face in the modern global economy and stated a successful strategy should recognize the importance of a regional framework and linkages between rural and urban America, which is aided by an understanding of industry clusters. For more information on the ongoing data updates please go to <http://www.ibrc.indiana.edu/innovation/data.html>. These RNTA research studies and others can be found on EDA's Web site at <http://www.eda.gov/Research/ResearchReports.xml>.

Performance Outcome: Enhance U.S. competitiveness in domestic and international markets (ITA)

Ensure that U.S. small and medium-sized enterprises (SME) and manufacturers can compete and win in the global economy.

ITA's Manufacturing and Services (MAS) program advances and strengthens the competitiveness of U.S. industry by researching and analyzing competitive factors that impact U.S. business sectors in domestic and international business environments. The MAS program conducts research and analysis of the manufacturing and services industries.



MAS maintains a focus that ensures inclusion of U.S. SMEs since these firms are critical to the U.S. economy. MAS analysts provide in-depth industry information and advice to the Secretary on trends in the manufacturing and services industries and support the Secretary in his role as the federal government's chief liaison with the manufacturing and services sectors. These analysts also evaluate the effects of domestic and international economic and regulatory policies on the ability of U.S. industry to compete in world markets. The program's industry experts analyze regulations and other proposed economic policies to determine their impact on cost competitiveness of U.S. firms and work with other U.S. agencies to reduce the impact of proposed and existing policies and regulations on U.S. industries.

During FY 2007, MAS has focused on the completion of two domestic and international policy studies:

- ◆ **The Effects of Successful Cellulosic Ethanol Research and Development on the U.S. Economy** – This analysis examines the effect on the U.S. economy if advances in technology allow ethanol manufactured from cellulose to become commercially viable. The United States is importing an increasing share of the petroleum it consumes each year, and petroleum prices are

projected to rise significantly over the next few decades. Without alternative sources of transportation fuel, the U.S. economy and industry could face adverse economic consequences. Cellulosic ethanol is not yet commercially viable, although the benefits of cellulosic ethanol production can be realized only if its production costs are reduced to the targets set by the Department of Energy (DOE). These targets form the basis for estimating the size of benefits that would accrue to the U.S. economy and industry.

- ◆ **The Effect of Inward Foreign Direct Investment (FDI) Restrictions on the Energy Sector** – This analysis quantifies the effects on the U.S. economy of delays in inward foreign investment transactions in the United States. Inward FDI is an important source of investment capital in the U.S. economy, representing 12 percent of the total U.S. capital stock. FDI in the U.S. manufacturing sector is even more important, where the share is even greater, 27 percent.

Regulatory Analysis

MAS continues to focus on a program of regulatory analysis that evaluates the impact of regulations on competitiveness. These rules when complete may have a positive impact on cost burden and competitiveness for U.S. industry.

In FY 2007, MAS has focused on six major rules from the Environmental Protection Agency (EPA), the Occupational Health and Safety Administration (OSHA), the Department of Transportation (DOT), and the Department of Justice (DOJ). Cost savings to industry this year amount to \$413 million.

- 1 **EPA's Definition of Solid Waste (DSW).** In October 2003, EPA published its proposed rule to revise the DSW under the Resource Conservation and Recovery Act (RCRA). The rule was nominated in the Office of Management and Budget's (OMB) 2005 report, "Regulatory Reform of the U.S. Manufacturing Sector," as one that, if reformed, could enhance competitiveness of U.S. manufacturing. Under the current RCRA, certain waste streams are regulated as hazardous wastes, even when they are being recycled. The objective of a reform of this rule is to increase recycling rates while reducing the costs of managing hazardous wastes.
- 2 **EPA's Spill Prevention, Control, and Countermeasure (SPCC) Rule.** The SPCC rule was selected by EPA for review after a request by OMB to update old rules that may be overly burdensome. The rule describes measures that must be taken to prevent oil spills, and applies to any company that stores more than 1,320 gallons of oil on its property. The rule was nominated in OMB's 2005 report, "Regulatory Reform of the U.S. Manufacturing Sector," as one that, if reformed, could enhance competitiveness of U.S. manufacturing. The current rule was set down in 1973, and many businesses are unaware of it and are not in compliance. EPA has proposed to allow small facilities with storage capacity below a certain threshold to use streamlined, less expensive requirements. However, a number of problems will remain, and so a "loose-ends" rule is being considered for 2007.
- 3 **OSHA's Occupational Exposure to Crystalline Silica.** Crystalline silica is a small particle of common sand. Pursuant to a court order, OSHA must issue a final crystalline silica exposure standard. OSHA has proposed a reduction in the current workplace exposure standard from 100 to 50 micrograms per cubic meter. The rule will have significant economic impacts on a substantial number of entities, mainly construction services and mining.
- 4 **OSHA's Occupational Exposure to Beryllium Rule.** OSHA has proposed a rule to reduce the permissible exposure limits (PEL) to beryllium from 2.0 micrograms per cubic meter to a more restrictive PEL (possibly set at 0.2 micrograms per cubic meter, as proscribed by DOE in 1999) for workers exposed. OSHA began work on reforming the rule in 1999 by announcing a proposed rule for public comment in 2002.

5 DOT's Side Impact Safety Regulation. MAS staff have been reviewing the DOT/National Highway Traffic Safety Administration (NHTSA) proposed side impact safety regulation since February 2006. A very complex rulemaking, NHTSA issued its proposed rule in May 2004 and said at the time the new regulation could become a final rule as early as 2005. The automakers agreed to voluntarily install side air bags in all vehicles by September 1, 2009. But NHTSA continues to consider a proposal that would require automakers to significantly upgrade their side protection systems. This is the last major crash-worthiness regulation that is in the works.

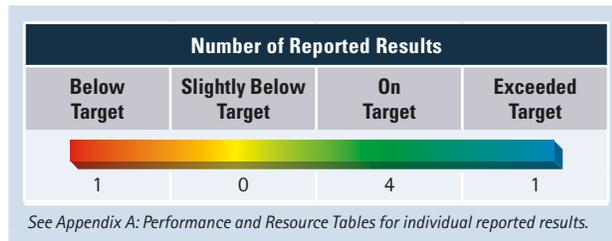
6 DOJ's Americans with Disabilities Act (ADA). DOJ is adopting rules and standards that ensure accessibility by handicapped individuals. The MAS program is monitoring the potential competitive impact of the rules and standards.

Manufacturers' concerns are one of the important foundations for generating policy recommendations to help ensure that government is creating conditions where U.S. manufacturers can compete in intensely competitive global markets. In FY 2007, ITA has led U.S. government efforts to advance U.S. industry competitiveness through regulatory analysis, such as the exposure levels from hexavalent chromium. ITA will continue to assess the impact of domestic and international economic policies on U.S. competitiveness, and communicate with U.S. industry on the impact of regulations.

In terms of performance, specifically performance targets, ITA missed targets for two measures, "Percent reduction in per unit of data distribution" and "Percent of industry-specific trade barrier milestones completed," an important metric for achieving this outcome and one that ITA missed by a wide margin (54 percent for actual, 85 percent for target). Performance slipped from 81 percent in FY 2006. It should be noted, however, that ITA did not meet this target because foreign counterparts were not able to or willing to move as fast as U.S. negotiators sought towards removing trade barriers. Regarding the per unit of data distribution, this was a new efficiency measure and as such, ITA did not have a strong history from which to determine an appropriate target. The target of five percent was at the high end of a range between four and five percent.

Performance Outcome: Broaden and deepen U.S. exporter base (ITA)
Support jobs and foster economic growth by expanding the number of U.S. exporters, especially SMEs.

The health of the U.S. economy depends on U.S. SMEs. ITA continues to focus on this base because 97 percent of all U.S. exporters are small and medium-sized businesses. Many of these firms have also been successful in doing business in countries that have recently negotiated free trade agreements (FTA) with the United States.



The Commercial Service program's mandate is to create a supporting environment in which all U.S. firms, including SMEs, can flourish. In order to achieve this, the Commercial Service seeks to increase export opportunity awareness among U.S. companies by identifying potential exporters who need assistance, leveraging electronic and traditional media, enhancing relationships with customers, and developing alliances and partnerships with state, local, and private partners to deliver export assistance. The Commercial Service operates a Trade Information Center that provides a single point of customer contact for all government export promotion programs, runs the Advocacy Center that supports U.S. companies bidding on major foreign contracts, and coordinates U.S. government export promotion and assistance programs through the TPCC. ITA's unique global network of trade professionals located in over 250 offices, domestically and



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internationally, capitalizes on high export areas identified by trade patterns and facilitates aggressive outreach to traditionally under-served rural and minority communities. ITA's Market Access and Compliance (MAC) program also supplies SMEs by identifying and resolving unfair trade practices.

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

In addition to the areas described above, three critical program priorities for ITA during FY 2007 included ITA's efforts to strengthen trade promotion by leveraging strategic partnerships, advancing FTAs to promote U.S. exports in strategic and emerging markets, and advancing transformational commercial diplomacy. These priorities reinforce ITA's goal to broaden and deepen the export base. Detailed descriptions can be found below:

Strategic Partnerships

One area of strategic importance to ITA in FY 2007 has been a focus on partnerships. One of the Nation's greatest strengths are the capabilities, reach, and resources of U.S. enterprises engaged in activities that touch buyers and sellers around the world, such as express delivery companies, banks, and Web-based marketplaces. Those businesses can be great teachers and facilitators for other U.S. companies wanting to export more or export better. Already a number of great U.S. companies have stepped forward to participate, and have offered to assist ITA in its efforts to increase U.S. exports.

These strategic partners include: Dow Jones through its Asia Wall Street Journal unit, eBay, FedEx, Google, and PNC Bank. As a result of their efforts, which include hundreds of marketing events and placement of trade information on their Web sites and in their newsletters, hundreds of thousands of companies have been exposed to ITA services.

ITA is beginning to engage with these strategic partners in targeted marketing strategies. For example, FedEx has helped identify and inform U.S. exporters to Mexico about new business opportunities in Central America, which has come about as a result of the recent Central American Free Trade Agreement (CAFTA).

These private sector partners join ITA's traditional interagency partners, such as the Small Business Administration (SBA), The Export-Import (ExIm) Bank, the Overseas Private Investment Corporation (OPIC), and state and local governments in an effort to educate, inform, and assist U.S. companies.

Reducing Trade Barriers through FTAs

ITA has continued to lower trade barriers through FTAs during FY 2007. Since 2001, the United States has signed over a dozen FTAs and has also sought to improve already existing FTAs, such as the North American Free Trade Agreement (NAFTA). One key fact dramatically illustrates the positive impact of FTAs: although countries that the United States has FTAs with only represent 7.1 percent of world GDP, they represent more than 42 percent of U.S. trade. Trade agreements work for the United States because they keep the Nation working.

ITA has also maintained a concerted effort to open up large, developing markets like China and India. Exports to both of these markets are significant. In fact, during this past year, China has become the third largest export market for the United States and exports to India grew at more than 30 percent last year. These two countries have been designated as high priority markets and



ITA led significant trade missions to both countries during this past year. For example, at the end of last November, ITA took more than 200 U.S. business representatives to six cities to India on the largest trade mission ever. The mission began with a business summit in Mumbai, with spin-off missions to Bangalore, Chennai, Hyderabad, Kolkata, and New Delhi. Secretary Gutierrez led a highly visible and successful trade mission to Beijing and Shanghai in November, as well. The business delegation was comprised of 25 firms that represented a broad cross-section of U.S. industries. The mission included high-level meetings with Premier Wen, Vice Premiers Zhen and Wu, and Commerce Minister Bo. The commercial sections in Beijing and Shanghai dedicated their resources to the support and success of this mission. While there, the Secretary discussed pivotal trade issues and advanced the intellectual property (IP) agenda by participating in the third U.S.-China IPR (IP Rights) roundtable.

U.S. companies want the U.S. government to provide better access to these fast-growing, but often challenging markets. These trade missions are one way to address their concerns.

ITA will also continue to support trade efforts in critical markets in China, India, Russia, and Greater Central Asia as well. These markets address key foreign policy goals and support the President's goal of promoting democracy and liberty through free trade. ITA is working to bring free trade to these critical emerging economies. This work reinforces U.S. efforts to bring greater geopolitical stability to uncertain areas of the globe through enhanced opportunity and economic development.

Commercial Diplomacy

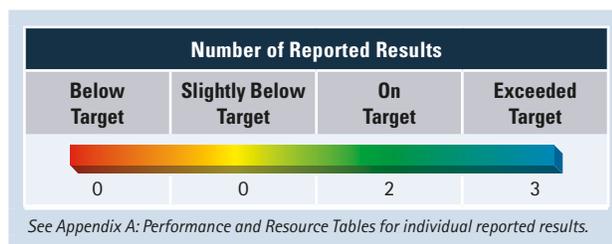
Often companies encounter difficult hurdles when trying to do business in even far less challenging places than India and China. In the past, the efforts of ITA's Commercial Service have been measured primarily by "export successes" tied to specific export transactions of client companies. It is an important measurement, and will be continued, however overseas posts also devote a lot of time and resources to working behind the scenes to resolve problems, reduce trade barriers, and cut red tape. Such activities are what are called "commercial diplomacy." Commercial diplomacy benefits not only current ITA clients, but also all U.S. exporters by opening doors and creating paths to success for other exporters to follow.

For example, in Bulgaria, ITA's Commercial Service succeeded in having a packaging waste penalty removed that was costing U.S. companies like Coca Cola, Kraft, and Proctor & Gamble millions of dollars per year. Similar efforts helped to get Bulgarian legislation passed to better protect IPR. There are hundreds of such examples every year and all around the globe, and ITA's Commercial Service encourages staff to do this kind of work more often and to acknowledge its importance. During FY 2007, a commercial diplomacy success metric has been piloted and will become a reported GPRA metric during the next fiscal year.

Performance Outcome: Increase access to the marketplace and financing for minority-owned businesses (MBDA)

Achieve entrepreneurial parity for minority business enterprises (MBE) by actively promoting their ability to grow and to compete in the global economy.

MBDA's strategic programs and management objectives have been aligned to successfully execute its tasks and assignments. A large measure of its continued success has been a result of the performance of its national network of funded projects and the support provided by its regional staff. MBDA met or exceeded the targets of all its performance measures in FY 2007.



In 2007, MBDA met its targets for contract awards and financial packages obtained for MBEs. Over \$1.7 billion in combined transactions were obtained for minority firms. Much credit is given to the Agency Strategic Growth Initiative (SGI) established by the Agency to attract mid-to-large minority firms capable of competing for larger contract awards. Approximately 75 percent of total awards went to these larger client firms. This had a direct impact on new jobs created within minority communities and wealth creation nationwide. MBDA exceeded new jobs created by 35 percent, totaling over 3,500.

MBDA rolled out a new MBE Center (MBEC) Program in FY 2007 that included several new consulting organizations. Amos Tuck School at Dartmouth College provided executive training in high growth strategies to these organizations. They are now assisting minority firms to grow and respond to larger contract and financial opportunities.

This past year MBDA implemented four new funded centers in the Gulf Coast region (New Orleans (2), Mobile, and Biloxi) to support the Department and the Katrina recovery effort. MBDA has also established a temporary district office in New Orleans to oversee Gulf operations and respond to needed services for minority clients.

MBDA established new strategic partners and alliances with federal agencies, such as the Federal Emergency Management Agency (FEMA), the Army Corps of Engineers, the Department of Homeland Security (DHS), SBA, and the Department of Housing and Urban Development (HUD); with state governments, such as Louisiana, Mississippi, and Alabama in the Gulf Coast; with private organizations, such as the Kauffman Foundation, Microsoft, and Lockheed Martin; and finally with National Chambers of Commerce, to include the National Urban League, the U.S. Hispanic Chamber, and the National Black Chamber. These organizations have provided opportunities, mentoring, training, and other business services to support MBDA program objectives.

MBDA redirected its focus to communities requiring immediate assistance and targeted its strategic goals to ensure the most effective allocation of resources to obtain performance results. MBDA held eight Business-to-Business (B2B) Linkage Forums throughout the country. These events attract ready-to-grow minority firms eager to form joint ventures and partnerships to compete for larger prime procurement opportunities in critical areas. For example, in conjunction with the Perini Building Company, MBDA held a forum for 25 minority firms to discuss how to qualify for contracts starting at \$5 million or more as part of the Las Vegas MGM City Center Project, a \$ 3.0 billion construction venture. Also, large corporate organizations such as Costco and the National Alliance have opened the doors to offer supply chain opportunities to qualified minority vendors.

MBDA held the 25th Anniversary of the Minority Enterprise Development Week (MED Week) National Conference in Washington D.C. and focused on "Celebrating the Legacy of Innovation and Competitiveness." This conference was attended by over 500 business representatives from the public and private sector and focused on innovation achievements, workshops, networking, and the annual awards gala to recognize the national award winners in MBE.

In collaboration with the Asian American Small Business Alliance and the Manhattan Hispanic Chamber of Commerce, the MBDA New York region sponsored the Minority Enterprise Franchise Exposition. Over 20 major franchisers, financial institutions, and government agencies held training workshops for 150 potential minority businesses. A summer session was conducted for the Emerging Minority Business leaders program as part of the President's American Competitive Initiative. Twenty-five students participated to focus on innovation of new technology and commercialization.

MBDA published a second report, "The State of Minority Business Enterprises, Vol. 2." This provided an in-depth review and analysis of the characteristics of business owners as presented in the U.S. Census Bureau's *2002 Survey of Business Owners*. The report analyzed the characteristics of minority-owned businesses, specifically those who influenced business survival, and identified factors which contributed to successful business performance of minority-owned businesses in 2002.



Customer Relations Management remains a point of emphasis for the Agency and its programs. The 2007 National Survey of clients was again conducted by the Federal Consulting Group and the University of Michigan to establish a new American Customer Satisfaction Index (ACSI). The increase in satisfaction has demonstrated the confidence of clients and partners. MBDA is meeting its mission objectives because in the end "results do matter."

MBDA implemented two White House and Congressional programs and incorporated their objectives into its daily activities. MBDA established the Asian American Pacific Islanders Initiative to provide information and technical assistance to Asian Americans. The Office of Native American Business Development worked with MBDA's Native American programs, especially tribal entities, to identify business opportunities and resources.

MBDA updated its Web portal offering several electronic business tools for access by business firms. Included is the Phoenix-Bid Matching System that will notify registered firms of a contract opportunity that matches the industry category and geographical criteria of the firm. Over 15,000 matches occurred in the past year. The Business Plan Writer assisted over 2,000 firms to develop new or updated business plans to apply for financial assistance; many to start new businesses.

STRATEGIES AND FUTURE PLANS

Leading the federal economic development agenda. EDA focuses its resources on proven, high-value, cutting-edge economic development activities and techniques promoted by academic and leading practitioners. EDA achieves success by emphasizing regionalism, innovation, and entrepreneurship as the building blocks for successful economic development.

Support for U.S. Government foreign policy initiatives. ITA has a strategy to address the challenges posed by changing economic, technological, and global business conditions to help U.S. firms expand and conduct business abroad. ITA has made much progress in expanding U.S. exports while supporting U.S. government foreign policy initiatives; both the Iraq and Afghanistan task forces have helped generate export sales in those countries while supporting the U.S. foreign policy goal of regional stability. By generating U.S. exports, ITA simultaneously supports the development of a stronger market-oriented economic system in areas of the world (Africa, Middle East), contributing both to U.S. economic goals and global stability.

Continued focus on SMEs. Large portions of ITA's resources are directed toward ensuring that U.S. SMEs, service industries, and manufacturers can compete and win in the global economy. ITA supports the President's economic program of export expansion by reasserting leadership in international trade through negotiations, through compliance, and by seeking the removal of non-tariff trade barriers. ITA assists in the development of commercial infrastructure in target markets such as China, Turkey, Brazil, and India.

Leading the National Export Strategy. While contributing to the success of U.S. workers and firms, ITA has led the federal government's export assistance programs at large. The success of the National Export Strategy has depended on ITA's ability to leverage public and private partners to serve more SMEs. While these companies account for 70 percent of new jobs in the United States, they account for only a small share of the total export value of U.S. goods exports. With the help of partner organizations ITA has been able to raise general awareness and provide individual companies the help they need to realize their export potential. ITA has many examples of companies realizing their export potential.

In 2007, the Commercial Service helped generate nearly 12,000 export successes worth billions of dollars in U.S. export sales.



Program Management and Performance Strategy. ITA has taken steps to strengthen program management and performance. In FY 2007, ITA's Chief Financial Officer (CFO), in conjunction with ITA's Commercial Service program, completed verification and validation of export success metrics at seven domestic and five overseas field locations. In the spirit of the President's Management Agenda (PMA), these reviews have enabled ITA to verify source measure data that express progress toward achieving ITA strategic goals.

CHALLENGES FOR THE FUTURE

ITA's success in achieving the outcome "to Broaden and Deepen the U.S. Exporter Base" is impacted by domestic and international economic conditions. Economic shocks in foreign markets and exchange rate fluctuations can affect U.S. exports and demand for U.S. products. The cooperation of other TPCC member agencies affects the level of services provided to SMEs.

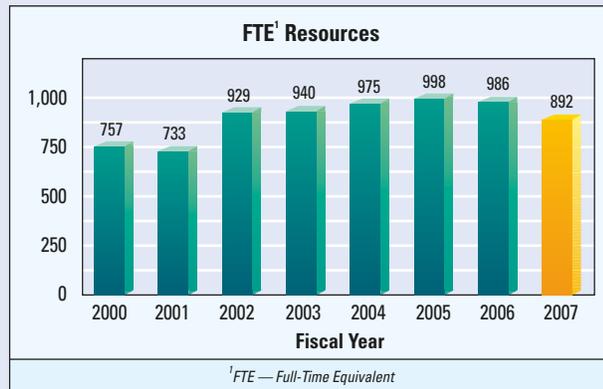
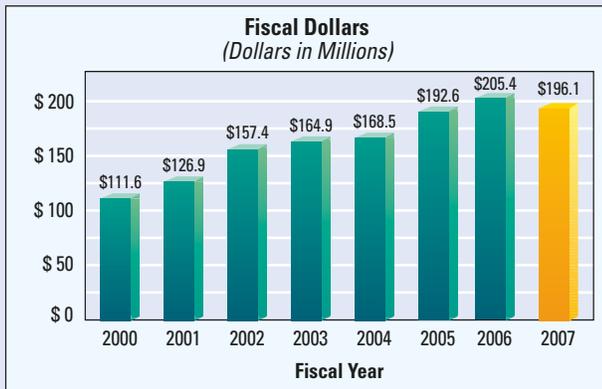
EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities and regions. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. EDA's strategies include strengthening local, state, and sub-state partnerships to assess and respond to long-term economic trends, sudden and severe dislocations, and emergencies; establishing flexible program and funding authorities that respond to local priorities; developing partnerships with other federal agencies to improve assistance for distressed communities; and working directly with those communities to achieve long-term development objectives and address sudden and severe economic dislocations.

MBDA has several management challenges including: maintaining a high return on investment (ROI) for its performance measures, encouraging large corporate organizations to sponsor B2B events and open new opportunities to support their supply chain, identifying new SGI minority firms ready to grow and participate in competitive events, and improving the MBDA ACSI score. Through its knowledge management efforts, MBDA will ensure that data and information concerning minority business development continue to be published and communicated.

STRATEGIC OBJECTIVE 1.2

Advance responsible economic growth and trade while protecting American security

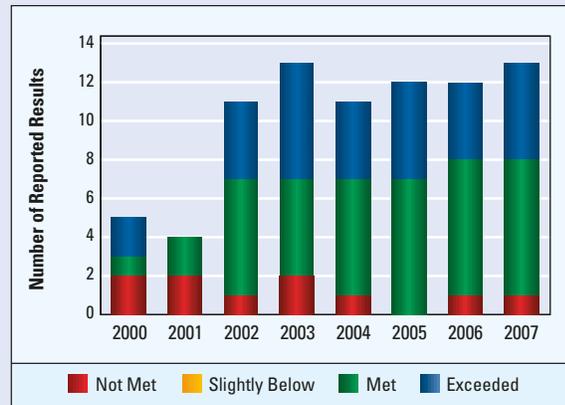
STRATEGIC OBJECTIVE 1.2 TOTAL RESOURCES



his objective focuses on the following tasks:

- ◆ ensuring fair competition in international trade;
- ◆ advancing U.S. national security and economic interests by enhancing the efficiency of the export control system;
- ◆ preventing illegal exports;
- ◆ identifying violators of export prohibitions and restrictions for prosecution;
- ◆ enhancing the export and transit control systems of nations that lack effective control arrangements;
- ◆ ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC) Agreement; and,
- ◆ undertaking a variety of functions to support the viability of the U.S. defense industrial base.

STRATEGIC OBJECTIVE 1.2 PERFORMANCE RESULTS



See Appendix A: Performance and Resource Tables for individual reported results.

The Department works extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. The Department takes appropriate actions it identifies as violations. The Unfair Trade Practices Team in ITA's Import Administration (IA) tracks, detects, and confronts unfair competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions.

PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Identify and resolve unfair trade practices (ITA)	5 of 6
Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	5 of 5
Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)	1 of 1
Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)	1 of 1

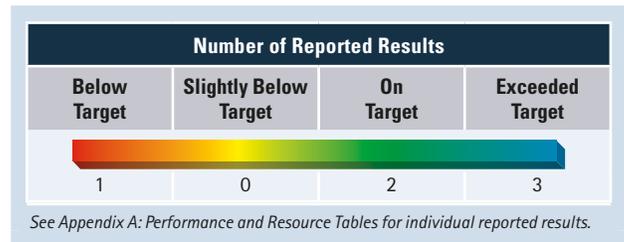
The Department's supports the President's foreign policy goals to promote freedom and liberty through free and fair trade, while expanding profitable markets for U.S. goods and services. The Department is supporting reconstruction in Iraq and Afghanistan and is working to bring free trade to regions such as Africa and the Middle East.

Dual-use items, subject to the Department's regulatory jurisdiction, have predominantly civilian uses, but could also have conventional military, weapons of mass destruction (WMD), and terrorism-related applications. The Department effectively administers the dual-use export control system by (1) writing and promulgating regulations, (2) processing license applications, (3) enforcing adherence to U.S. law and regulations, (4) conducting outreach to exporters, (5) strengthening the export control systems of other countries, (6) assessing the viability of key sectors of the defense industrial base, and (7) assuring the timely availability of industrial resources to meet national defense and emergency preparedness requirements. Further information on these tasks is available on www.bis.doc.gov/news/index.htm#annual.

Performance Outcome: Identify and resolve unfair trade practices (ITA)

Help build a rules-based trading system in which international trade is both free and fair for U.S. firms and workers.

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



ITA monitors industry access to overseas markets and works to remove costly barriers to product and service exports. According to a University of Michigan study, the average U.S. family of four still stands to gain an estimated \$7,800 per year if there was total elimination of global barriers to trade in goods and services. The World Bank has reported that the elimination of global trade barriers could lift 300 to 500 million of the world's poor out of poverty over the next 15 years.

Trade compliance with negotiated trade agreements and access to foreign markets are existing problems faced by U.S. businesses that choose to sell their products overseas. MAC seeks to obtain market access for U.S. firms and workers and to achieve full compliance by foreign nations with trade agreements they sign with the United States. MAC ensures market access for U.S.



STRATEGIC GOAL 1 * PERFORMANCE SECTION

businesses; advances the rule of law internationally; and creates a fair, open, and predictable trading environment. MAC also conducts critical trade policy analysis and negotiation support for the Office of the U.S. Trade Representative (USTR) and represents the Department in trade related dealings with other U.S. government agencies.

MAC uses a range of techniques to advocate on behalf of U.S. businesses and intervene with other governments to ensure foreign compliance with existing trade agreements and to eliminate trade barriers. Trade agreement compliance and foreign trade barriers have been a continuous problem for U.S. exporting firms, large and small. Many companies, especially small and medium sized firms, do not have the resources, knowledge, or leverage to influence foreign governments, their laws, and regulatory regimes. Based on customer need, MAC has a sizeable caseload each year from U.S. firms that have encountered a trade barrier. In FY 2007, MAC initiated 187 cases from U.S. industries and concluded 158. For the past four years, ITA has consistently met or exceeded its targets for the number of cases initiated and the number of cases resolved. Concerning the latter measure, ITA has raised its target each year, from 30 to 40 in FY 2003 to 120 in FY 2007, reflecting better performance each year.

However, for "Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses," ITA did not meet its target of 30 percent. This is a new measure that began in FY 2006 and thus a baseline is still uncertain. However, because 97 percent of all exporters are small and medium-sized businesses, ITA believes that supporting these businesses is important. ITA is still investigating why the actual for this measure dropped from 28 percent in FY 2006 to 22 percent in FY 2007 and will reinforce its efforts to achieve and measure progress in this area.

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

Since FY 2002, ITA has consistently met its target of completing 100 percent of AD/CVD cases within the statutory deadline. FY 2007 was no different. The percentage of AD/CVD cases completed on time reflects the vigilance of IA staff to complete its casework within the statutory timeframe. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests. The stated target reflects management's prioritization of adherence to statutory requirements. ITA must always complete these cases within the limits set forth in law. Domestic products covered by these AD/CVD investigations and reviews are critical to U.S. industries. The timely completion of these cases may have a direct correlation with the ability of petitioning U.S. firms to remain viable when a firm may be subjected to unfair trading practices. Ensuring expedient completion of cases offers firms the best timeframe for determining if they are being injured by an unfair trading practice.

Free and fair trade is a two-way street that requires all parties to play by the rules. In FY 2007, ITA conducted the following activities to level the playing field by removing barriers that hinder U.S. exporters.

In FY 2007, ITA continued its efforts, in conjunction with specialized attorneys at the U.S. Patent and Trademark Office (USPTO) to manage an online complaint forum at Stopfakes.gov. These complaints were monitored by ITA's trade compliance team who counsel businesses on how to protect their IPR and work with callers on how to best resolve problems. In FY 2007, the hotline

received over 1,730 calls. ITA's trade compliance team has received 180 formal inquiries from individuals or companies through the STOP! (Strategy Targeting Organized Piracy) Fakes Web site. The STOP! Fakes Web site (www.stopfakes.gov), its online complaint form, and brochures provide resources such as one-on-one consultations and further information and guidance to rightsholders on how to register and protect their IP in markets around the world. The Stopfakes.gov Web site had more than 44,000 visitors in calendar year 2007. ITA MAC program staff have also created downloadable "IP toolkits" to guide businesses through securing and enforcing their rights in key markets around the globe. These toolkits are available at the Stopfakes.gov Web site and cover key trading partners such as China, Russia, India, Mexico, Korea, Malaysia, and Taiwan.

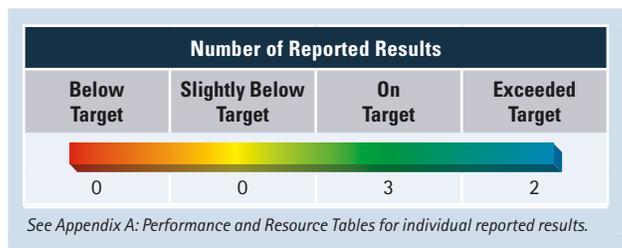
On March 30, 2007 the Department announced its affirmative preliminary determination in the CVD (or anti-subsidy) investigation on imports of coated free sheet paper from China. Subsidies are financial assistance from foreign governments that benefit the production, manufacture, or exportation of goods. In this case, the Department has departed from its 23-year, bipartisan practice of not applying the CVD law to non-market economies such as China, which was upheld by the U.S. Court of Appeals for the Federal Circuit in its 1986 decision, *Georgetown Steel*. During this case, the Department explained that *Georgetown Steel* no longer applied to China of because of the vast differences between the characteristics of the non-market economies of the 1980s Soviet-bloc countries and China's economy today.

"This Administration has aggressively enforced our antidumping laws to combat unfair Chinese trade," said U.S. Secretary of Commerce Carlos M. Gutierrez. "China's economy has developed to the point that we can add another trade remedy tool, such as the countervailing duty law. The China of today is not the China of years ago. Just as China has evolved, so has the range of our tools to make sure Americans are treated fairly. By acting on the petition filed last October, the United States today is demonstrating its continued commitment to leveling the playing field for American manufacturers, workers, and farmers."

Performance Outcome: Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)

The Department administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of WMD, combat terrorism, and pursue other national security policy goals. The Department also serves as the lead agency for ensuring U.S. industry compliance with CWC.

The Department processes export license applications for controlled commodities of U.S. companies engaged in international trade in accordance with Export Administration Regulations (EAR). An integral part of BIS's mission is to facilitate compliance with U.S. export controls by keeping U.S. firms informed of export control regulations through an extensive domestic and foreign outreach program.



In FY 2007, the Department successfully promulgated regulations that adapted export controls to the evolving national security and economic situation. Noteworthy regulations published include multilateral export control regime changes from 2006/2007 Plenary meetings and a revision to China licensing policy to restrict exports to Chinese military end-users while facilitating civilian trade with trusted end-users.



STRATEGIC GOAL 1 * PERFORMANCE SECTION

The Department processed export license applications and related requests in FY 2007. While this represented an increase over the amount processed in FY 2006, the Department continued to process these applications in a timely manner, thereby benefiting exporting companies and industries, while protecting national security and foreign policy interests.

The Department engages in activities to prevent violations before they occur and to investigate and prosecute violators to dismantle illicit proliferation networks. Preventive activities include screening license applications for enforcement concerns; conducting end-use checks abroad to confirm the *bona fides* of parties to export transactions, confirm compliance with license conditions, and uncover diversions to unauthorized end-users/uses; and reviewing Shippers Export Declarations and foreign visitors' visa applications to identify potential export control issues. Outreach activities include educating U.S. businesses on export control requirements and identifying suspicious transactions leading to successful preventative and investigative actions. Investigation and prosecution activities involve Department Special Agents conducting cases focused on significant proliferation, terrorism and military end-use export violations, and the vigorous pursuit of criminal and administrative sanctions.

In FY 2007, the Department exceeded its targets by completing 930 actions that resulted in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge, as well as conducting 854 end-use checks. The Department also ensured that its investigation case load was targeted on the priority areas of WMDs, terrorism, and military diversion.

In addition to dual-use export controls, BIS enforces the antiboycott provisions of the EAR. The antiboycott regulations direct U.S. businesses not to participate in foreign boycotts that the United States does not sanction. As well as investigating criminal and administrative violations of the antiboycott regulations, the Department actively supports the Department of State's efforts to dismantle Arab governments' boycott of Israel. The Department provides guidance to the exporting community regarding the antiboycott regulations through public outreach and its telephone and e-mail advice line.

The Department can meet its responsibility for administering the dual-use export control system using current legal authorities. However, there would be benefits in securing comprehensive dual-use export control legislation. Thus, the Administration continues to work with Congress to pass a reauthorized Export Administration Act (EAA) with enhanced enforcement authorities.

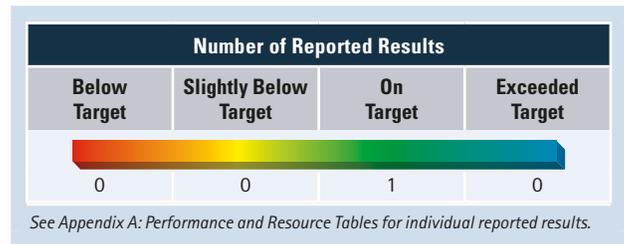
The Department also develops and implements export control policies toward key countries such as China and India. In FY 2007, the Department published a final China policy update, engaged with China's Ministry of Commerce in two meetings of the U.S.-China High Technology and Strategic Trade Working Group of the Joint Commission on Commerce and Trade (JCCT), and participated in the first two Treasury-led U.S.-China Strategic Economic Dialogues. The Department also supported President Bush's Nuclear Initiative with India, including the strengthening of India's export control system, and hosted a meeting of the U.S.-India High Technology Cooperation Group.

In March 2007, the Inspector General (IG) released a report on dual-use export controls to India. The report found that policies are not fully transparent, the end-use check program needs improvement, and compliance with license conditions needs to be strengthened. BIS has prepared and begun implementation of an action plan to address the report's specific recommendations that it agrees with.

Performance Outcome: Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)

The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of the multilateral export control regimes and cooperates with other countries to help them establish effective export control programs.

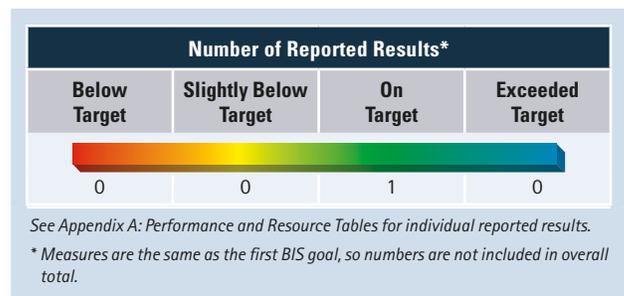
The Department helps improve the effectiveness of the multilateral export control regimes (Australia Group for chemical and biological weapons items, Missile Control Regime, Nuclear Suppliers Group, and Wassenaar Arrangement for dual-use technologies and conventional weapons) by participating in U.S. efforts to update and adapt their control lists to the threats facing the United States.



The Department works with other countries to encourage and support their development of effective export control systems consistent with obligations under United Nations Security Council Resolution 1540. In FY 2007, the Department continued its efforts with India and accelerated contacts with the United Arab Emirates. In addition, the Department assists in implementing its international activities by coordinating and managing BIS participation in the U.S. government's Export Control and Related Border Security Assistance (EXBS) program, which provides technical assistance to strengthen the export and transit control systems of nations lacking effective export control systems.

Performance Outcome: Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)

The Department works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to national security. To this end, it analyzes the impact of export controls and trade policies—including deemed export policy—on strategic U.S. industries, studies the impact of defense trade offsets, advocates for U.S. defense companies competing for international sales opportunities, and evaluates the security impact of certain proposed foreign investments in U.S. companies. The Department also administers the federal government's Defense Priorities and Allocations System (DPAS), which assures the timely availability of industrial resources to meet national defense and emergency preparedness program requirements and provides an operating system to support rapid industrial response in a national emergency.



In FY 2007, the Department announced the results of an important study of the U.S. imaging and sensors industry. In addition, the Department supported administratively the Secretary's Deemed Export Advisory Committee, which is slated to provide in early FY 2008 its recommendations for policies that will continue to provide U.S. industry, academia, and research institutions with access to talented foreign researchers while ensuring that U.S. security requirements are met. The Department also issued its annual report on the impact of defense offsets on U.S. industry and actively participated in an interagency committee to develop and implement policies for mitigating the use of offsets by U.S. trading partners.

STRATEGIES AND FUTURE PLANS

ITA will expand its analytical infrastructure to:

- ◆ support timely and accurate assessments of (1) the impact on U.S. industries of the growth of regional trade pacts, and (2) the impact of major competitors exporting their discriminatory technical regulations to third markets in the developing world;
- ◆ develop strategies to support bilateral and multilateral trade negotiations that prevent the adoption of discriminatory international standards and regulations against U.S. products;
- ◆ work closely with foreign governments and regulatory officials in the developing strategies that address regulatory barriers, head off potentially harmful regulations, and help shape good regulations and standards;
- ◆ monitor economic data from U.S. global competitors and vigorously investigate evidence of unfair subsidization and production distortions;
- ◆ identify legal remedies available to counter unfair trade practices and ensure that they are eliminated, rather than leave these small and medium-sized manufacturers in the United States with costly trade litigation;
- ◆ focus and sharpen expertise on China through the China Compliance office in IA. This effort devotes more resources and dedicated experts to China for compliance issues.



The Department continues to refine U.S. export controls in light of geopolitical and global market realities to ensure that they meet U.S. national security requirements. The Department also seeks to enhance the effectiveness of the EAR by educating exporters and other stakeholders in the export licensing process, thereby improving industry compliance with export control regulations. These efforts will increase the efficiency of the license processing system and thus enable exporters to be more competitive in the global economy while deterring transactions that threaten U.S. security interests.

The Department will also continue its efforts to strengthen multilateral cooperation on export controls to help strengthen U.S. security by extending controls over sensitive items beyond U.S. borders, and to help ensure a level playing field for U.S. exporters and otherwise permit them access to foreign markets. The Department will continue to develop and implement policy initiatives to integrate other key countries, such as China and India, more tightly into the global dual-use export system, thereby increasing U.S. security and facilitating the export of sensitive U.S. items to these markets.

Strong enforcement of U.S. export regulations is critical to protect U.S. national security interests. The Department will continue to focus on preventing, investigating, and prosecuting the most significant export violations involving proliferation, terrorism, and military end-uses. Focused partnerships with U.S. businesses will be maintained regarding specific goods and technologies sought for hostile acquisition, and the deemed export compliance program will be finalized and implemented.

The Department will also continue to strengthen its ability to promote U.S. competitiveness by improving deemed export policy, studying the impact of export controls and other factors on strategic industries, and evaluating the effects on national security of imports of certain items and foreign investments in U.S. companies.

CHALLENGES FOR THE FUTURE

ITA faces new demands as the international trade environment changes from year to year: new barriers are erected, the role of international organizations and alliances is strengthened, and other foreign regulatory measures are implemented that have a negative impact on ITA exports. Market access cases frequently arise from these foreign regulatory measures. Complaints are received by ITA from U.S. companies experiencing overseas barriers to U.S. exports, which are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the United States and through monitoring efforts by ITA compliance officers.

BIS faces the challenges of implementing an export control system that advances U.S. national security, foreign policy, and economic objectives in a dynamic technology and geopolitical environment. This includes strengthening the legal foundation of the dual-use export control system. The EAA lapsed on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Compo 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of Notice of August 3, 2006 (71 FR 44551 (August 7, 2006)) continues the regulations in effect under the International Emergency Economic Powers Act (IEEPA). While the Department effectively exercises its authority under IEEPA, the legal foundation for the dual-use export control system can be strengthened. The Administration has vigorously advocated a streamlined and strengthened export control system that effectively promotes both U.S. national security and U.S. economic interests. To address this challenge, the Department continues to work with Congressional members and staff on export control reforms that enhance the Department's ability to facilitate legitimate global trade while reducing illicit traffic in dual-use items and targeting export control resources on transactions of greatest risk.

This challenge also includes managing export controls to maximize security with minimum impact on U.S. competitiveness. Trade must rest on a firm foundation of security, yet controls on trade must not disadvantage U.S. exporters needlessly. To meet this challenge, the Department will use BIS's Office of Technology Evaluation and other resources to understand better the impact of technology, markets, and geopolitical developments on U.S. security and competitiveness.

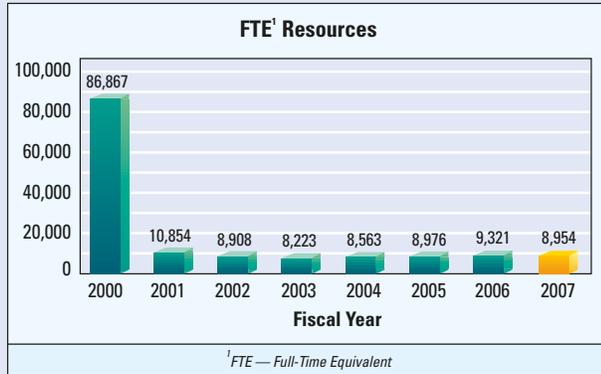
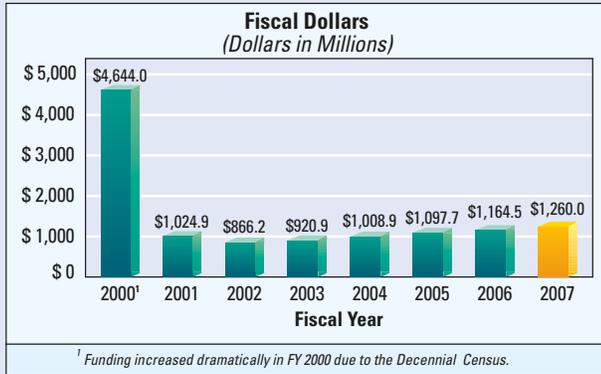


Director of the Office of Strategic Industries and Economic Security, Dan Hill.

STRATEGIC OBJECTIVE 1.3

Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public

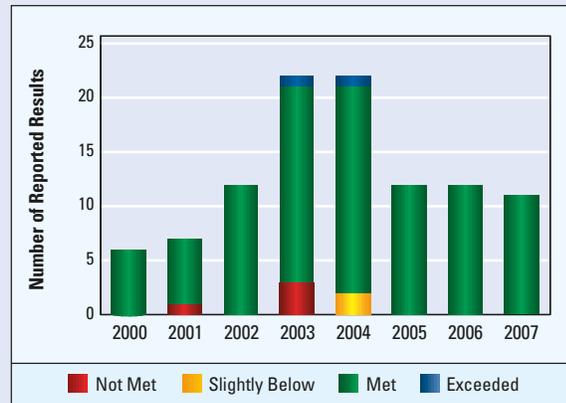
STRATEGIC OBJECTIVE 1.3 TOTAL RESOURCES



This objective is important to the Nation's economic well being because it focuses on meeting the needs of policymakers, businesses and nonprofit organizations, and the public for current measures of the U.S. population, economy, and governments, while respecting individual privacy, ensuring confidentiality, and reducing respondent burden. It also promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic data in an objective and cost-effective manner.

The Department's statistical programs and services are widely used by policymakers, business leaders, and the U.S. public. As a primary source for measures of macroeconomic activity, the Department provides the Nation with the picture of its economic health.

STRATEGIC OBJECTIVE 1.3 PERFORMANCE RESULTS



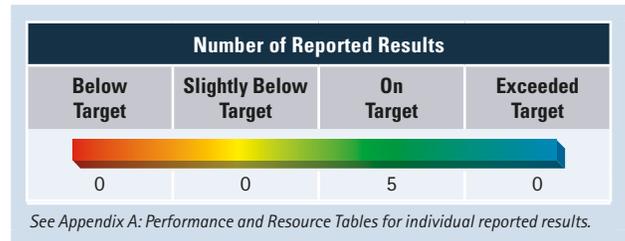
See Appendix A: Performance and Resource Tables for individual reported results.

PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments (ESA/Census)	5 of 5
Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner (ESA/BEA)	6 of 6

Performance Outcome: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments (ESA/Census)

The Census Bureau collects and disseminates a wide range of current demographic and economic information and provides benchmark measures of the Nation's economy and population to help decisionmakers and the public make informed decisions.

The Census Bureau's current economic statistics program provides public and private data users with monthly, quarterly, and annual national statistical profiles of the U.S. economy. Agencies, like the Federal Reserve Board and BEA are two of the major users of these data. These data are used to develop the GDP, production indexes, and Congressional economic projections. Also, these data allow users to gauge competition, calculate operating ratios, analyze changes in the Nation's economic structure, calculate market share, locate business markets, and design sales territories.



In FY 2007, the Census Bureau released more than 400 economic reports, including 124 principal economic indicators, providing information on retail and wholesale trade and selected service industries, construction activity, quantity and value of industrial output, capital expenditure information, e-commerce sales, foreign trade, and state and local government activities.

The current demographic statistics programs provide accurate, timely, and efficient information on the social and economic condition of the population. These programs include:

- ◆ The Current Population Survey (CPS) provides the official source of monthly labor force estimates, quarterly housing vacancy estimates, and annual estimates of work experience, income, poverty, migration, and school enrollment. In January 2007, the questionnaire instrument software for the core labor force questions and all the monthly supplements was successfully upgraded to a Windows-based version.
- ◆ The Survey of Income and Program Participation (SIPP) is the major source of information on the economic well being of Americans over time. The data are used to estimate future costs and coverage for government programs and to provide detailed statistics on the distribution and source of income in the United States. The Census Bureau also continued efforts to improve its statistical methods to collect information on economic well being so that the data collection and processing systems on income and federal and state program dynamics better meet the policy and operational needs of the country. In FY 2007, the Department began work to evaluate the following:
 - Use of administrative records data to evaluate and improve data quality;
 - Improvements in the instrument and processing system;
 - Use of the American Community Survey (ACS) for the sampling frame;
 - Use of the event history calendar to improve recall;
 - The review and revision/update of content.



The Survey of Program Dynamics (SPD) can reliably be used to produce sub-national estimates of poverty and receipt of government assistance for selected states, and the State Children's Health Insurance Program (SCHIP) provides state-based estimates of health insurance coverage of children.

The Census Bureau met its targets to achieve at least 90 percent of the planned response rates and dissemination targets for Census Bureau surveys. Response rates are a measure of the quality of survey data. Dissemination targets are a measure of timeliness of the data. By meeting these targets the Bureau is providing its users with the high quality and timely data they need to make important policy decisions that help improve the Nation's social and economic conditions.

The Census Bureau's cyclical programs provide the foundation for critical national, state, and local data. These include the Economic Census and Census of Governments, which are conducted every five years, and the Decennial Census program.

The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy ranging from the national to the local level. The 2007 Economic Census will cover some 26 million business locations and 84 percent of the Nation's economic activity. The data help build the foundation for GDP and other indicators of economic performance.

During FY 2007, the Census Bureau completed critical preparations for the 2007 Economic Census data collection and processing, which will begin in October 2007 and continue throughout FY 2008. Key accomplishments for FY 2007 include:

- ◆ **Collection Instrument Preparation.** The Bureau completed paper and electronic versions of more than 530 industry-specific collection instruments, building on work done during FY 2006 to determine content and assemble questionnaires.
- ◆ **Business Outreach.** The Bureau began business outreach activities in advance of Economic Census data collection in order to build good reporting relationships with companies and to promote timely response.
- ◆ **Frame Preparation.** The Bureau also completed important activities during FY 2007 to prepare the Economic Census mailing list, including an effort to improve industry classifications on its Business Register, which is important for determining which of 530-plus industry-specific questionnaires is mailed to each establishment.
- ◆ **Processing System Preparation.** The Bureau also prepared computer applications for the Economic Census data collection and processing, ensuring that systems needed for mail selection and mailout operations were ready for production by September 2007.

The Census of Governments is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. The 2007 Census of Governments, the eleventh since its inception in 1957, will cover about 90,000 local governments, including thousands of subordinate agencies. This complex and ever-changing government universe is a major economic factor totaling 12 percent of GDP and nearly 16 percent of the U.S. workforce. During FY 2007, the Census Bureau made critical preparations for 2007 Census of Governments data collection and processing, which began in FY 2007 and continue throughout FY 2008.

The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships in the years between the decennial censuses. This year was the first official set of population estimates that included the effects of Hurricanes Katrina and Rita. Special processing was done that supplemented the usual Internal Revenue Service (IRS) data with data from the National Change of Address File from the U.S. Postal Service. In addition to meeting the schedule for the release of the official set of July 2006 population estimates for the nation, states, counties, cities,



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and townships, the Intercensal Demographic Estimates program has been working on a research agenda to look at the housing unit based estimates methodology. This research agenda developed out of the population estimates stakeholders meeting held in July 2006. At this meeting, stakeholders asked the Bureau to look at alternative population estimates methodologies, such as the housing unit based approach, and to also examine alternative data sets.

The Demographic Surveys Sample Redesign (DSSR) program provides updated samples for most major recurring household surveys conducted by the Census Bureau to account for changes in the population and demographics, survey requirements and objectives, and survey methods and technology. The Census Bureau completed memorandums of understanding (MOU) with survey sponsoring agencies that enable the Census Bureau to ensure that the 2010 Sample Redesign meets sponsors' needs and provides accurate and reliable data for policymakers, business, and the U.S. public. The Bureau completed several studies in the development of a coverage profile of the Master Address File (MAF), a potential single sampling frame that could reduce survey costs. The Census Bureau also discussed its sample redesign program with the statistical community, including professionals from Statistics Canada and academia, which served as a peer review of redesign methods and as an opportunity to learn new ideas to improve accuracy or reduce costs.

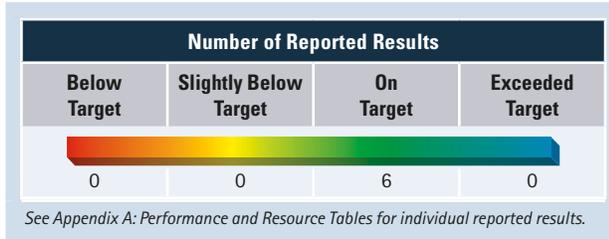
The decennial census is used to provide the official population counts for determining the allocation to states of seats in the U.S. House of Representatives and for determining how the districts are defined for those seats. The Census Bureau provides to each state the data necessary to determine Congressional, state, and local legislative boundaries. The decennial census provides comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. The program also provides data for small geographic areas and population groups that federal agencies need to implement legally mandated programs. Approximately \$300 billion a year is distributed to state and local governments using formulas that are based on data such as state population and personal income.

Working towards these outcomes in FY 2007, the decennial census program began conducting the early operations for the 2008 Census Dress Rehearsal as well as awarded contracts for printing and the integrated communications program for the 2010 Census itself. The ACS, which collects and tabulates long-form data every year throughout the decade, achieved a 97.8 percent weighted response rate, using three modes of data collection (mail-out, telephone, and personal interview). The ACS also released social and demographic data for all places with a population of 65,000 and larger for the second year in a row. The Boundary and Annexation Survey (BAS) program achieved an 87.5 percent response rate. BAS is used to update information about the legal boundaries and names of all governmental units in the United States. In addition, street features have been corrected in the Topologically Integrated Geographic Encoding and Referencing System (TIGER) database for 737 counties in FY 2007, bringing the total completed to 90 percent of all 3,232 counties in the United States and Puerto Rico.

The data used to evaluate the effectiveness of performance goal achievements are reviewed on a quarterly basis. The Census Bureau continues to validate the performance data and ensure that all programs have verifiable processes in place to collect, store, and calculate all performance information reported in the Annual Performance Plan (APP) and the Performance and Accountability Report (PAR).

Performance Outcome: Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner (ESA/BEA)

ESA's BEA produces some of the Nation's most important and closely-watched economic statistics, including the GDP, the broadest measure of economic activity. BEA produces economic statistics for three major program areas: National Economic Accounts, Industry Economic Accounts, and Regional Economic Accounts. Greater descriptions of these accounts can be found on the BEA Web site at www.bea.gov.



BEA draws on the data collection and analyses conducted by the Census Bureau, Bureau of Labor Statistics (BLS), IRS, Federal Reserve, and others to produce over 50 public releases of economic statistics a year. Using these data, BEA estimates the Nation's economic accounts. These estimates provide a comprehensive, integrated, and consistent measure of U.S. economic activity and are used as critical ingredients in budget appropriations and forecasts, international trade and policy formulation, and business and personal financial strategies. Without these measures, the Nation's leaders would have little objective information on which to base monetary and fiscal policy decisions, and the domestic and global markets would have few statistics with which to understand the health of the U.S. economy.

Most of BEA's customers are other government and business organizations that use the data BEA produces to make important decisions that affect the entire Nation. Measures such as the GDP, U.S. and local area personal income, international trade in goods and services, GDP by state, and GDP by metropolitan area are important components of the work of government, business, academia, and other organizations. Some key uses of BEA measures include:

- ◆ OMB, the Congressional Budget Office, the Council of Economic Advisors, and the Department of Treasury use BEA's GDP estimates and a wide range of other National Income and Product Accounts (NIPA) data, including trend growth in real GDP and inflation, wages and salaries, profits, and other types of data, to make important policy decisions.
- ◆ The Federal Reserve uses real GDP and BEA's measures of inflation to establish monetary policy.
- ◆ U.S. businesses use BEA data to guide over \$2 trillion of investment in factories, equipment, and new housing construction; to assess the macroeconomic and international trade outlook; and in making business location decisions in the United States and around the world.
- ◆ Federal programs—such as Medicaid, Foster Care, and SCHIP—use BEA's regional income and product accounts as a basis to allocate over \$214 billion in federal funds to states.
- ◆ Virtually all 50 states and the District of Columbia use quarterly state personal income to estimate revenue and expenditure projections. Twenty-one states have set constitutional or statutory limits on state government spending that are tied to components of state personal income.

- ◆ U.S. trade policy officials use trade and other international account statistics to develop trade policy and to assess the impact of international investment and trade on the U.S. economy.
- ◆ U.S. private investors use BEA's economic data to help them manage over \$22 trillion in investments in stocks and bonds.

BEA has worked to make these critical measures more accurate and more accessible for all users. Great progress has been made in recent years to accelerate the release of BEA's key economic statistics and to expand the level of detail of both new and historical data available. Additionally, BEA has continued to upgrade its electronic survey data collection system, reducing respondent burden and decreasing reporting errors in data collection.

BEA has modernized its statistical processing systems and has made great progress in addressing the significant long and near-term challenges that the organization faces. During FY 2007, BEA achieved a number of important data improvement and availability targets, including:

- ◆ Introduced new and comprehensive estimates of international transactions and positions in financial derivatives.
- ◆ Substantially integrated the NIPA estimates with the Federal Reserve's flow of funds accounts.
- ◆ Released prototype estimates of GDP by metropolitan area.
- ◆ Expanded the prototype research and development (R&D) accounts to include international transactions.
- ◆ Developed and published detailed FDI data on employment; payroll; and sales by state, industry, and country.
- ◆ Improved estimates of consumer spending in the economy.
- ◆ Launched an online, interactive mapping system for state and local area personal income.
- ◆ Unveiled a redesigned Web site to improve consistency and to enhance the look and feel in order to make BEA's economic statistics even more accessible and easy to use.

BEA programs are evaluated through a variety of means. OMB has evaluated BEA twice using the Program Assessment Rating Tool (PART). In FY 2002 and FY 2003, BEA was awarded the highest rating of effective and was ranked within the top five percent of all federal programs reviewed. BEA also conducts an online survey of its data users to monitor their satisfaction with BEA products and services. For the past five years, customers of BEA products and services have indicated high levels of satisfaction. Every two years, BEA conducts an internal Organizational Assessment Survey (OAS), administered by the Office of Personnel Management (OPM), to assess its organizational culture. The results of the most recent OAS placed BEA above the median score compared to other agencies that participate in the OAS on every dimension. BEA also matched or bettered the highest ratings on over 40 percent of the assessment measures.

STRATEGIES AND FUTURE PLANS

The Census Bureau strives to provide accurate, timely, and useful information to users in the most cost-effective manner while honoring privacy, protecting confidentiality, and conducting work openly. One way the Census Bureau is doing that is through a multi-year effort to re-engineer the census. This effort allows the Census Bureau to meet the Nation's ever-expanding needs for

social, demographic, and geographic information by improving the relevance and timeliness of census long-form data, reducing operational risk, improving accuracy of census coverage, and containing costs. The strategy is to accomplish that through the use of the ACS, enhancements to the MAF/TIGER database, and a re-engineered short-form only 2010 census. The Census Bureau will continue the ACS and release products for geographic areas and population groups of 20,000 or greater for the first time in FY 2008.



The U.S. Census Bureau is using hand-held computers to update the address list for the 2008 Census Dress Rehearsal. Locally hired census workers will visit every housing unit to make sure it is on the Census Bureau's address list and will receive a census dress rehearsal questionnaire in March 2008.

Other plans for FY 2008 include continuing major contracting efforts related to field data collection automation, data response integration, data access and dissemination, printing for the 2010 Census, and communications; conducting major data collection efforts for the 2008 Dress Rehearsal; continuing the overall management and integration of planning, testing, development and implementation efforts for the 2010 Census; and continuing to conduct early operations for the 2010 Census, including the opening of the Regional Census Centers.

The Census Bureau began efforts in FY 2006 to re-engineer the SIPP. SIPP's household longitudinal design, with an interview every four months across several years, provides a wide breadth of detail on a wide range of topics, but is extremely burdensome on respondents, complicated to edit and process, and expensive to conduct. The Census Bureau is working with stakeholders and moving rapidly to develop an improved system and is considering several design options. It is hoped that the improved system will lower attrition, reduce respondent burden, and increase the timeliness of the data, while addressing the same basic issues historically covered by SIPP.

Census Bureau economic benchmark data are the foundation of the Nation's economic statistics programs. They provide core information on virtually all non-farm businesses and related data on business expenditures, commodity flows, minority and women-owned businesses, and other topics. The Census Bureau plans to enhance the 2007 Economic Census to ensure the usefulness and relevance of the programs; expand content to include first-time collection of data on employers contributions for

pension and health care and new data on service products; improve the timeliness of respondents, especially for large companies; increase response rates; improve internal processing efficiency; and improve the timeliness of statistical products.

In August 2007, the Committee on National Statistics completed its independent review of the Government Statistics programs and reported the results to the Census Bureau. The report included recommendations that covered:

- ◆ How the program can address its dual missions: reporting on the size and scope of the state and local government sector at an aggregate level, and reporting on the functions of individual governments.
- ◆ How to address inherent quality and cost-benefit trade-off issues when complex reporting arrangements constrain the program's ability to change content, add new content, and assess quality control of the data.
- ◆ Dealing with high rates of nonresponse; the use of third-party data, editing, and imputation; and the possible applicability of procedures that other statistical agencies use.
- ◆ Improving the timeliness of information release and making it more accessible.

BEA continued to be proactive in 2007 with outreach to its user communities. As part of the annual updates to the BEA 5-year Strategic Plan, BEA provides all of its stakeholders and users an opportunity to review the 5-year plan and make recommendations. In addition, BEA senior staff have participated in conferences and meetings around the country and around the globe to share the Agency's priorities and improvements. These face-to-face meetings provide an effective means of communicating enhancements to BEA's accounts and of soliciting meaningful feedback.

During 2007, BEA expanded external communications and outreach efforts to inform existing users of upgrades and changes to BEA data, and to educate new users on how they can use BEA data to make better-informed decisions. Areas of particular focus for BEA's FY 2007 outreach included communities affected by the Department of Defense's (DOD) Base Realignment and Closure Commission (BRAC). BEA staff provided economic data to many of the 250 communities affected by the 2005 BRAC process. These data were useful to the affected communities in determining the potential economic impacts of the closure, expansion, and contraction of military bases nationwide. In addition, BEA worked closely with data users in California, Colorado, Georgia, Montana, Nevada, Pennsylvania, and Washington to introduce BEA's statistics to new data users, and to help them explore the many uses of these economic statistics.

BEA's outreach expands beyond the United States to include the international community. The Agency regularly attends meetings at the Organization for Economic Co-operation and Development to explain BEA's economic measures and methodologies to the 30-nation membership to achieve greater comparability among the world's economic statistics. BEA also regularly represents the Department at meetings with other international statistical officials, including the United Nations Statistics Division, to further develop common standards that promote the integration of official statistics worldwide.

BEA staff uses these and other outreach opportunities to understand the needs of users, which are then discussed and considered during the annual revision of the BEA 5-year Strategic Plan. This plan is updated each year through a series of BEA directorate-level planning retreats and a senior staff retreat. At the retreats, BEA staff reviews the past Strategic Plan and prepares a public report of the progress toward meeting the milestones. Through this process, BEA is able to clearly define a path that reflects the needs and interests of the U.S. public.



The BEA 5-year Strategic Plan is the most important tool the Agency employs to chart the course of the future and to evaluate all aspects of performance. The milestones of the Strategic Plan feed directly into the performance measures and budget requests of the Agency. In order to assure that these milestones are met, each of BEA's employees is held accountable for completing components of the Strategic Plan.

Twice a year, the blue-ribbon 13-member BEA Advisory Committee meets publicly to review and evaluate BEA statistics and programs. The committee advises BEA's Director on matters related to the development and improvement of the national, regional, industry, and international economic accounts, especially in areas of new and rapidly-growing economic activities arising from innovative and advancing technologies. The committee contributes significantly to BEA by providing recommendations for cutting-edge improvements from the perspectives of the economics profession, business, and government.

CHALLENGES FOR THE FUTURE

Given the major changes in overall design and methodology, the efforts involved with re-engineering the 2010 Decennial Census program will continue to present a significant management challenge for the Census Bureau and the Department.

The Census Bureau continues to address the significant management challenges of meeting user demands for reliable data, obtaining and maintaining targeted response rates for the various surveys conducted, and continuing to maintain respondent confidentiality.

BEA continues to face three major challenges in the near future. To tackle them, BEA has developed a detailed, public plan in its Strategic Plan for FY 2007 - FY 2011. The three major challenges facing BEA are:

Measuring a constantly changing economy. The U.S. economy is in constant flux. In order to measure an ever-changing economy, BEA must meet important challenges, such as understanding the structural changes in the economy, improving measurement methodologies in areas like R&D and healthcare, monitoring changing tax and accounting laws, and locating and incorporating data sources to capture these changes. BEA must continue to keep pace with the dynamic U.S. economy in order to provide the Nation with the most timely, relevant, and accurate economic statistics possible.

Integrating federal economic accounts. The demand for greater consistency between the various economic accounts in a decentralized statistical system continues to be an important issue among users of federal economic statistics. BEA made strides in its integration efforts between its industry accounts and the NIPAs, and is working with BLS and the Federal Reserve to integrate shared accounts. The federal agencies responsible for the production of U.S. economic accounts must continue working together to integrate the accounts by harmonizing definitions, methodologies, and analytical techniques in order to provide consistent estimates to users.

Building and developing a skilled workforce. BEA recognizes that its employees are its most valuable asset. Their ability to innovate and promote the country's economic accounts in an objective and cost-effective manner is paramount. To that end, BEA has built competency models to manage the development of employees. These competency models highlight skills and talents that employees must possess and exhibit in all stages of their development at BEA. The competency models allow BEA to build a Workforce Development Framework that is directly tied to BEA's mission and priorities. This framework provides transparency to its employees and guides the mission and objectives of its entire Workforce Development Program. BEA recognizes that a highly-skilled workforce produces results and adds value to its vital economic statistics.



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