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 America’s export performance. The Department will promote U.S. export growth that is consistent with national security and U.S. foreign policy objectives through the Trade Promotion Coordinating Committee (TPCC) and will enhance cooperation with Commerce’s partnership organizations, in order that U.S. businesses can benefit from global business opportunities and increase American jobs. Through free market trade negotiations and case-by-case advocacy, Commerce will ensure a level playing field for U.S. firms and combat predatory trading practices.

The Department ensures that export controls do not place U.S. firms at a competitive disadvantage in world markets by eliminating outdated controls and streamlining the process for obtaining export licenses for products that remain under export controls.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), also provides decisionmakers with valuable statistical information related to the U.S. economy and population. Improved economic and demographic statistics are essential to sound business forecasting, and understanding the strength and direction of the nation’s economy. The Department is at the forefront of national efforts to continually improve these statistics. With this in mind, the Department is endeavoring to fundamentally change the way the federal government conducts the Decennial Census.

The reengineered 2010 Census will improve the relevance and timeliness of Census long form data, reduce operational risk, improve the accuracy of Census coverage, and contain costs.

The Department extended economic measures in key areas of the services sector. This was done by launching a new economic indicator survey, the Quarterly Services Survey; expanding coverage of its annual surveys to cover financial services, insurance, real estate, and public utilities sectors; and launching an information and communication technology survey. The Quarterly Services Survey, the first new economic indicator in 40 years, will provide quarterly information on over $2 trillion of services activity, or about 20 percent of the gross domestic product (GDP), for which only annual estimates were previously available.

In support of disadvantaged individuals and communities, the Department promotes private enterprise and job creation in economically distressed communities. The Department also promotes private enterprise within minority communities.

The Department successfully moved this strategic goal forward. Bureaus with programs supporting this strategic goal are the Economic Development Administration (EDA), International Trade Administration (ITA), Minority Business Development Agency (MBDA), Bureau of Industry and Security (BIS), and ESA’s Bureaus of the Census and Economic Analysis (BEA).
STRATEGIC OBJECTIVE 1.1

*STRATEGIC GOAL 1 * PERFORMANCE SECTION

Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations

This objective is important to the nation as it increases private enterprise and job creation in economically distressed communities, improves community capacity to achieve and sustain economic growth, increases trade opportunities for U.S. firms to advance the United States’ international commercial and strategic interests, expands U.S. exporter base, improves customer and stakeholder satisfaction, improves the U.S. competitive advantage through global e-commerce, and increases opportunities and access of minority-owned businesses to the marketplace and financing.

The Department assists economically distressed communities by promoting a favorable business environment through its strategic investments in public infrastructure and technology. These investments help attract private capital investment and jobs that address problems of high unemployment, low per capita income, and severe economic challenges. The Department supports effective decision-making by local officials through its capacity-building programs.

The Department helps minority-owned businesses obtain access to public and private debt and equity financing, market opportunities, and management and business information to increase business growth in the minority business community.

TOTAL RESOURCES

<table>
<thead>
<tr>
<th>Fiscal Dollars</th>
<th>FTE Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Dollars in Millions)</td>
<td></td>
</tr>
<tr>
<td>FY2001</td>
<td>$892.9</td>
</tr>
<tr>
<td>FY2002</td>
<td>$877.5</td>
</tr>
<tr>
<td>FY2003</td>
<td>$662.2</td>
</tr>
<tr>
<td>FY2004</td>
<td>$681.4</td>
</tr>
</tbody>
</table>

| FY2001 | 3,728 |
| FY2002 | 1,980 |
| FY2003 | 2,288 |
| FY2004 | 2,330 |

FTE — Full-Time Equivalent
**PERFORMANCE SECTION * STRATEGIC GOAL 1**

**IMPORTANT HIGHLIGHTS FOR STRATEGIC OBJECTIVE 1.1**

**Attracting private capital investment and creating and retaining jobs.** A generally consistent level of the Department’s investment activity has resulted in significantly increased levels of private investment. In rural areas, for example, private investment dollars generated per dollar of the Department’s investments has more than doubled according to grantee projections. An example of the Department’s contributions in this regard is its investment in the University of Alabama’s automotive research and outreach efforts, specifically the cluster forming around Montgomery and the Hyundai Assembly Plant. Surrounding counties that have faced ongoing distress now have the opportunity to participate in higher-wage employment. A $2 million investment in Lowndes County to support the location of an automotive parts supplier is expected to yield $10 million in private investment. That private investment is vital to enabling economic growth; it is anticipated that 100 jobs will result from this project.

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**Enhancing economic growth through partnering with other government agencies and the business community to increase exports.** Export expansion is an important driver for U.S. economic growth since export-related jobs pay significantly higher wages. At present, one of every 10 dollars in the U.S. economy is linked to exports. For example, the Small Business Administration (SBA), Export-Import Bank and the Department’s ITA often partner together to broaden and deepen exports. Together, they represent a complete line of exporting resources with one goal in mind, said Michael Lally, an ITA Trade Specialist, “Our goal is to help companies make international sales. We operate in 83 countries through embassies and consulates whose staffs focus full-time on business development to help companies make sales.” One success is the Pennram Company of Philadelphia, Pennsylvania, manufacturers of municipal incinerators.

A team met with Andy Hooker, general manager of Pennram. Hooker said he knows the importance of foreign markets. According to Hooker, about 90 percent of Pennram customers are overseas. The company does business in 28 countries and has several more lined up. “It’s the only reason we’re going,” he said. “If we relied on domestic sales, we’d be kaput. There’s not enough domestic sales.” Government agencies like SBA and Export Import Bank often work in hand to help U.S. companies receive a seamless set of government services to help expand their overseas business.
Performance Goal: Increase private enterprise and job creation in economically distressed communities (EDA)

Working with distressed communities to create jobs and expand the economy.

EDA strives to create a favorable environment for the private sector to risk capital investment, produce goods and services, and increase productivity. While successful EDA investments attract private sector capital investment and create higher-skill, higher-wage jobs, they are also beneficial for local communities and all levels of government. Creating jobs and expanding the economy decreases the demand for government expenditures for social services while tax revenues increase.

EDA’s Public Works Program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment; and its Economic Adjustment Program assists state and local interests to design and implement strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base.

Preliminary data collected through the Government Performance and Results Act (GPRA) process for investments made from FY 1997 through FY 2000 indicates that these EDA investments have helped generate more than $5 billion in private sector investment and create and retain over 130,000 jobs. EDA anticipates that as these investments continue to mature and more data become available, these numbers will continue to grow. EDA performance targets for long-term program outcomes are based on nine-year projections for private dollars invested and jobs created. Performance data are obtained at three and six-year intervals to provide snapshots of current progress in achieving the full, nine-year performance projection. The private investment target for FY 1998 awards was $650 million after six years while the three-year target for FY 2001 awards was $480 million. Data reported in FY 2004 show that EDA exceeded those projections by 168 percent and 97 percent, respectively. Similarly, jobs created or retained in distressed communities as a result of EDA investments in the same years exceeded projections by 152 percent and 52 percent, and totaled 90,812 and 29,199.

The City of Shafter has worked hard to diversify its primarily agricultural employment base. EDA provided assistance to construct 17,000 linear feet of 30-inch truck sewer collection lines to connect two major industrial areas with a new regional treatment plant. This investment allowed for development of the two new industrial areas on locations outside of the old town site. Completed in October of 2003, it is estimated that this investment will generated 340 new jobs in the near future. It is anticipated that over the next six years the two sites have the potential to create 2,000 jobs and leverage $35 million in private sector funds.

See Appendix A: Performance and Resource Tables for individual reported results.
EDA was audited as part of a comprehensive report that looked at the significant barriers to securitization of community and economic development revolving loan funds. The Government Accountability Office (GAO) (formerly the General Accounting Office) report did not make any recommendations and restricted its study to reporting its findings. GAO found that Community Economic Development (CED) lenders face barriers to securitizing their loans. The barriers include limited lender capacity to manage a securitized portfolio of loans, the external legal and regulatory limitations and requirements governing the use of the funds that these lenders receive, and the high cost of originating and servicing CED loans. Currently, there are no follow-up actions required either by EDA or any other party as a result of this GAO report.

GAO completed an audit of EDA's assistance to Indian tribes from 1993 to 2002. The draft GAO report makes no recommendations but includes the following major findings: (1) EDA-funded enterprise projects had mixed success generating jobs, income, and private sector investment; and (2) EDA grants to tribes represented a small portion of its overall program. EDA recently submitted formal comments on this draft report to the Department for clearance.

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

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

Economic development is a local process; however, the federal government plays an important role by helping distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA's approach is to support 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, leverage outside resources to improve the local economy, and sustain long-term economic growth.

EDA's program activities include:
- Partnership Planning programs that help support local organizations (Economic Development Districts (EDD), Indian tribes, and other eligible areas) with their long-term planning efforts and their outreach to the economic development community on EDA's programs and policies.
- Economic Adjustment Program assists state and local interests to design strategies to adjust or bring about change to an economy. The program focuses on regions that have experienced or are under threat of serious structural damage to the underlying economic base.
- Local Technical Assistance Program helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed regions from optimal decisions on local economic development issues.
- University Center (UC) Program is a partnership of the federal government and academia that makes the vast and varied resources of Universities available to the economic development community; the Research and National Technical Assistance Program supports research of leading-edge, world-class economic development practices as well as funds information dissemination efforts.
Twelve Trade Adjustment Assistance Centers (TAAC) to help manufacturers and producers affected by increased imports prepare and implement strategies to guide their economic recovery.

EDA’s capacity building has continued to be very effective in generating participation in economic development planning and in the generation of new initiatives. During FY 2003, 90 percent of all eligible jurisdictions participated in the activities of their EDDs. In addition, 97 percent of the EDDs and Indian tribes that EDA provided assistance to in FY 2003 implemented new initiatives resulting from the Comprehensive Economic Development Strategy (CEDS) process. The Bluegrass Area Development District in Kentucky, for example, launched 162 initiatives during FY 2003 as a result of the CEDS process including 26 infrastructure and construction rehabilitation related projects.

Similarly, Eastern Kentucky University, an EDA supported UC, provided at least eight hours of assistance to 263 clients during FY 2002 and every client took action as a result of that assistance. Assistance from UCs is varied and includes, but is not limited to, planning assistance, project management, and organizational capacity building. The University of Nebraska, for example, provided continuing education and workforce development assistance to 72 clients that it served during FY 2002.

As stated in the previous performance goal, GAO completed an audit of EDA’s assistance to Indian tribes from 1993 to 2002. The draft GAO report makes no recommendations but includes the following major findings: (1) EDA-funded enterprise projects had mixed success generating jobs, income, and private sector investment; and (2) EDA grants to tribes represented a small portion of its overall program. EDA recently submitted formal comments on this draft report to the Department.

**Performance Goal:** Increase trade opportunities for U.S. firms to advance the United States international commerce and strategic interests (ITA)

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

ITA’s Market Access and Compliance (MAC) tracks numerous challenges faced by U.S. exporters; participates in compliance with World Trade Organization (WTO) accession agreements for nations like China; supports critical compliance and market access issues in areas like standards, and intellectual property matters, as well as transparency, good governance, and rule-of-law requirements. Manufacturing and Services (MAS) advances and strengthens the competitiveness of U.S. industry by researching and analyzing the impact of international economic policies on key sectors.

ITA successfully established 45 new or enhanced partnerships with public and private sector entities that were created to promote U.S. exports. ITA continues to identify partnerships that minimize necessary resources provided by partners and will also focus on enhancing relationships with existing partners. ITA also identified enhanced partnerships with entities...
related to the new MAS role of analyzing and strengthening both international and domestic competitiveness. ITA successfully achieved over $179 billion of exports in targeted products and markets.

The President has made manufacturing in the United States a top national priority. ITA organized over 20 public roundtables around the country where U.S. manufacturers explained significant factors that erode competitiveness, contribute to higher production costs, retard innovation, and impede trade. ITA is implementing the strategy and recommendations made in the Manufacturing Report to foster an environment in which U.S. firms can compete and succeed in manufacturing.

**Performance Goal: Expand U.S. exporter base (ITA)**

Support jobs and foster economic growth by expanding the number U.S. exporters, especially SMEs.

One of ITA’s key objectives is to place primary emphasis on the promotion of goods and services from the United States, particularly by SMEs, and on the protection of U.S. business interests abroad. Within ITA, the Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service (US&FCS) seeks to increase export opportunity awareness among U.S. companies. The US&FCS program proactively identifies potential exporters and existing exporters who need assistance and provides a range of export assistance programs. These products and services are supported by systems that leverage electronic and traditional media, centralize and manage relationships with US&FCS customers, and develop alliances and partnerships with other export support organizations to deliver export results. ITA’s Advocacy Center recorded a 13 percent advocacy success rate with an estimated value of $6.5 billion in U.S. export content.

ITA helped 4,759 U.S. companies enter a new market and helped 704 U.S. companies export for the first time. ITA’s US&FCS facilitated 11,382 export transactions. External factors have impacted this effort. Although the weak dollar has increased exports overseas, we face continued slow growth abroad attributable to such external factors as currency issues, rising energy costs, and increased interest rates. These factors have impeded many companies from expanding to new markets overseas. ITA continues to encourage U.S. exporters to enter new markets in regions of the world least impacted by stated externalities. We are focusing our efforts towards improved performance in FY 2005.

During this past year, both the Inspector General (IG) and independent auditors have reviewed and found discrepancies in collected and reported US&FCS performance data. This issue is becoming increasingly critical because of the heightened emphasis that is being placed on performance results. US&FCS and ITA’s Chief Financial Officer have initiated the actions to ensure effective performance-measure oversight and to clarify and harmonize reporting standards worldwide.

In addition to these efforts, ITA’s Office of the Chief Information Officer (CIO) is working with all ITA programs to build a worldwide Customer Relationship Management System. This system will house export success data, facilitate coordination, and minimize the potential for duplicative reporting.
Performance Goal: Improve customer and stakeholder satisfaction (ITA)

Improve customer and stakeholder satisfaction by committing ITA to be a client-oriented organization.

ITA promotes the use of technology to improve timely access to relevant information for customers and service staff, and to assess the effectiveness of its products and services in meeting customer needs.

Overall, ITA is performing well at 70 on the nationally recognized American Customer Satisfaction Index (ACSI). This is not a percentage but rather it is a "score." Seventy is an excellent score. ITA conducts a bi-annual customer satisfaction survey and populates ITA's customer value performance measures every other year. ITA continues to develop an enhanced focus on the customer and has achieved strong results based on client feedback obtained during an ITA-wide client survey in 2003. Because ITA Satisfaction scores are calculated using the same methodology as the ACSI, this enables ITA to benchmark the agency's scores against other federal agencies with similar functions (in the sense of how services are offered or delivered), products, and/or services as shown in the chart that follows.

Customer Satisfaction Index (CSI) Scores

<table>
<thead>
<tr>
<th>Program Unit Measures</th>
<th>Below Target</th>
<th>Slightly Below Target</th>
<th>On Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITA Overall†</td>
<td></td>
<td></td>
<td>70%</td>
</tr>
<tr>
<td>Federal Government Aggregate</td>
<td></td>
<td></td>
<td>70%</td>
</tr>
<tr>
<td>MAC (excludes North American Free Trade Agreement (NAFTA) Secretariat)</td>
<td></td>
<td></td>
<td>72%</td>
</tr>
<tr>
<td>US&amp;FCS</td>
<td></td>
<td></td>
<td>72%</td>
</tr>
<tr>
<td>Trade Development (TD)</td>
<td></td>
<td></td>
<td>71%</td>
</tr>
<tr>
<td>General Services Administration (GSA)</td>
<td></td>
<td></td>
<td>80%</td>
</tr>
<tr>
<td>Federal Citizen Information Center (FCIC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Resources and Services Administration (HRSA)</td>
<td></td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>Healthcare Integrity and Protection Data Bank (HIPDB) (querying)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureau of the Census</td>
<td></td>
<td></td>
<td>73%</td>
</tr>
<tr>
<td>Export-Import Bank</td>
<td></td>
<td></td>
<td>70%</td>
</tr>
</tbody>
</table>

† The ITA Overall score is a weighted average of the individual program unit scores. Scores are weighted based on numbers of full-time agency employees in each program unit: US&FCS = 60%, TD = 18%, Import Administration (IA) = 13%, and MAC = 9%. In the case of the IA program unit, the subunits are weighted as follows: IA = 40%, NAFTA Secretariat = 40%, and Foreign-Trade Zones = 20%.
Performance Goal: Improve the U.S. competitive advantage through global e-commerce (ITA)

Improve the U.S. competitive advantage by promoting global e-commerce, a major channel to further U.S. exports.

ITA continues its focus on e-commerce, a major channel to further U.S. exports. ITA provides exporters that have Internet access with information on the international marketplace through the use of electronic products and services such as Export.gov and BuyUSA.gov. These two major Web sites provide basic information on navigating through the steps in the export process, in addition to international market research and online matchmaking services with foreign buyers. Through Export.gov, ITA’s export portal, users can access a broad array of U.S. government trade-related information from the Department. BuyUSA.com and Export.gov work in partnership to help SMEs complete export transactions. Using a wide variety of e-commerce tools and service from both public and private sector sources, ITA employees help U.S. business evaluate new overseas markets and take advantage of foreign sales opportunities.

Most companies prefer to use the Internet as a source of information. Exporters find the Internet the ideal mechanism for obtaining current information on changing economic conditions, regulations, and other crucial information. Many small companies want a single Web site that is easy to navigate and includes links to other U.S. government sites where appropriate. ITA has developed two performance measures to capture users’ input. The measure “Customers’ perceptions of portal ease of use,” provides insight into how well the efforts to improve access meet the needs of the actual users. One of the most valuable services that ITA provides to U.S. exporters is information on foreign markets and trade opportunities. To measure its success in this endeavor, ITA tracks the “percentage of ITA’s significant products and services provided electronically to external customers,” since companies of all sizes view U.S. government research as reliable and unbiased, and they generally expect the information to be current and readily available in an easy-to-use format.

ITA successfully achieved over 5,675 new subscribers who now use BuyUSA.com e-services. Over 75 percent of ITA’s customers found ITA’s trade portal (www.export.gov) easy to use. ITA provided over 85 percent of its products and services to external customers electronically.
Performance Goal: Increase opportunities and access of minority-owned businesses to the marketplace and financing (MBDA)

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

MBDA’s core programs comprise a network of funded centers that provide services to the minority business community. They include the Minority Business Development Centers (MBDC), Native American Business Development Centers (NABDC), Minority Business Opportunity Committees (MBOC), a Special Project Roundtable, and Access to Markets and Capital programs, all primarily funded through cooperative agreements (federal grants). MBDA has been successful in standardizing its services to MBEs and expanding its presence and outreach to nearly 50 different locations throughout the country and leveraging its resources with public/private-sector partnerships to benefit MBEs.

MBDA successfully launched the Strategic Growth Policy to assist high-growth potential minority firms that have annual revenues greater than $500,000. As an immediate result of this new strategy, MBDA succeeded in assisting clients to obtain larger, often prime contract awards, but has not generated enough contract awards to meet its FY 2004 target for the “Number of Contract Awards Obtained for MBEs.” Still, MBDA programs were successful in providing management and technical assistance as well as access to financial and procurement opportunities to over 25,000 clients nationwide.

MBDCs and NABDCs, with support of MBOCs, obtained approximately $1.5 billion in financial and procurement transactions. The Agency and its funded network established over 175 strategic partnerships that added value to services available to the minority business community.

MBDA’s Office of Performance and Program Evaluation (OPPE) provides periodic assessments of the Agency’s programs. In FY 2004, OPPE completed an evaluation of the MBOC program as well as a pilot Roundtable in Arkansas. The recommendations of these evaluations will be used as a tool for management in an ongoing effort to improve the design and implementation of the program that enable the programs to meet performance targets towards Agency performance goals.

The report made 20 recommendations. A few highlights of the recommendations follow:

Efforts should be made by MBDA and the MBOC to advocate mission goals with the local city or county planning board. This will include the MBOC on the agenda and become a recognized “Center of Influence” within the community.

MBDA must select funding sites in advance that can provide the most cost effective benefits to MBEs, especially high growth potential firms. The funding for this program will determine the number of projects and expected performance outcomes. Projects should have similar goals. MBDA should consider alternative programs for funding weaker economic communities.
For the future, consider combining some attributes and work requirements from different MBDA programs to fund a hybrid special project in an attempt to reduce overhead and service the community.

The MBDA program manager and the Office of Business Development will be implementing changes in FY 2005 and preparing for a new program solicitation with these recommendations.

MBDA continues to operate with an entrepreneurial and innovative approach to embracing the changing demands of MBEs by developing useful products and services. A customer satisfaction survey and Survey of Minority-Owned Business Enterprises (SMOBE) developed by Census have provided valuable information for management. MBDA used these tools to develop a new focus towards "The Strategic Growth Policy" (SGP), identifying the unique challenges and unmet demands of potential high-growth minority firms that possess the potential capacity to significantly impact bottom line performance and economic outcomes, as measured by job creation, gross receipts, contracts, and financial packages. At the same time, MBDA continues to serve the needs of start-up and small minority businesses.

The SGP went into effect in January 2004 for the Business Development Center projects. Based on outcomes to date, MBDA has been able to obtain larger contract opportunities in comparison to FY 2003. For example, the average contract grew from $280,000 to over $460,000. Most firms assisted have over 12 employees compared to just 6 in 2003. Average firm receipts are over $1 million annually. These are significant results.

**OBJECTIVE STRATEGIES AND FUTURE PLANS**

EDA launched its "Results-Driven Performance" initiative during 2004 to focus on economic development initiatives that achieve the highest rate of return on the taxpayers' investment. EDA is working with its partners and implementing the initiative through efforts such as the revised Investment Policy Guidelines, which target investments that attract private capital investment and create higher-skill, higher-wage jobs.

EDA continues to build upon its partnerships with local development officials; EDDs; UCs; faith-based and community-based organizations; and local, state, and federal agencies. EDA's approach is to support 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, leverage outside resources to improve the local economy, and sustain long-term economic growth.

All EDA investments are compliant with EDA's Investment Policy Guidelines to ensure that an investment will be part of an overarching, long term Comprehensive Economic Development 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 of the EDD Partnership Planning investment recipients and UCs, and the EDA regional offices continue to monitor the performance of all investment recipients.

EDA initiated the first stage of a three-year competition cycle for UC funding. In FY 2004, EDA's Denver and Austin regional offices conducted open competitions for UC funding. EDA will hold similar competitions in its Chicago and Philadelphia regions in FY 2005 and in its Seattle and Atlanta regions in FY 2006. In FY 2007, the cycle will be restarted with competitions in Denver and Austin. These competitions will help to ensure that EDA and the nation's taxpayers will realize the maximum returns on their investments from the UC program resources.
In FY 2005, EDA will continue to implement its “Results-Driven Performance” initiative and outreach efforts through satellite telecasts, forums, e-newsletters, magazines, and other means. It is anticipated that these efforts, combined with the CEDS process and TAAC and UC assistance to communities, will continue to result in the development and support of effective capacity and entrepreneurial talent to achieve and sustain economic growth where it is most needed.

The ITA strategy is to address these factors and help U.S. firms address challenges resulting from those factors. ITA has had significant success in addressing opportunities when they present themselves. For example, 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.

A portion 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.

The health of the U.S. economy depends on its SMEs. The USFCS program’s mandate is to create an environment in which all U.S. firms, including SMEs, can flourish. In order to achieve this, the USFCS program seeks to increase export opportunity awareness among U.S. companies by identifying potential exporters who need assistance, leveraging electronic and traditional media, centralizing relationships with customers, and developing alliances and partnerships to deliver export assistance. A unique global network of trade professionals located in over 250 offices covering 80 countries and 47 states, plus Puerto Rico, capitalizes on high export areas identified by trade patterns. USFCS is committed to opening and expanding foreign markets for U.S. goods and services and improving U.S. export performance, and is currently focusing on six new initiatives that will help boost the number of U.S. companies that win contracts and export. No additional indicators are contemplated. The six initiatives are:

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

ITA’s customers are U.S. businesses. U.S. firms expressed several needs for enhanced products and service offerings and service delivery capabilities from ITA to export more successfully in a fair trade environment. U.S. businesses want online customized information products and simplified access to ITA services.

The success of ITA efforts depends upon effectively addressing the challenges faced by U.S. firms in foreign markets, and also meeting the expectations and needs of its stakeholders and customers.
ITA includes client evaluation and uses survey data to drive its client strategy as depicted in the chart that follows.

Collectively, these efforts assure the timely, responsive, high-quality service to the business community; promote continuing program improvement; and ensure efficient field operations.

**ITA-WIDE SURVEY RESULTS**

<table>
<thead>
<tr>
<th>Component</th>
<th>Score</th>
<th>Weighted Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Access</td>
<td>73</td>
<td>1.6</td>
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<tr>
<td>Quality of Information</td>
<td>75</td>
<td>1.7</td>
</tr>
<tr>
<td>Coverage of Topics</td>
<td>72</td>
<td>1.6</td>
</tr>
<tr>
<td>Ease of Access</td>
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<td>1.9</td>
</tr>
<tr>
<td>Helping Clarify Your Approach</td>
<td>71</td>
<td>1.6</td>
</tr>
<tr>
<td>Achieving Desired Outcomes</td>
<td>66</td>
<td>1.4</td>
</tr>
<tr>
<td>Ease of Access</td>
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</tr>
<tr>
<td>Facilitating Difficult Negotiations</td>
<td>74</td>
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<tr>
<td>Achieving Desired Outcomes</td>
<td>68</td>
<td>1.4</td>
</tr>
<tr>
<td>Information/Education</td>
<td>73</td>
<td>0.7</td>
</tr>
<tr>
<td>Navigating the Export Process</td>
<td>71</td>
<td>0.6</td>
</tr>
<tr>
<td>Fair Trade/Market Access</td>
<td>74</td>
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</tr>
<tr>
<td>Customer Service Relationship</td>
<td>81</td>
<td>1.5</td>
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<tr>
<td>CSI</td>
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<tr>
<td>Recommend</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>Use in Future</td>
<td>3.8</td>
<td></td>
</tr>
<tr>
<td>Use Other Products/Services</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Overall Satisfaction with ITA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITA compared to expectations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITA compared to ideal</td>
<td></td>
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</table>

The model for ITA-Wide (US&FCS, TD, and MAC) is shown above. Note that the model is tiered. For example, Ease of Access is a driver of Information/Education. Information/Education drives the CSI, which in turn drives customers’ likelihood to Recommend, Use in Future, and Use Other Products/Services.

Satisfaction is measured using three questions. These three questions capture respondents overall satisfaction rating, satisfaction compared to expectations and satisfaction compared to ideal. These are the same three questions used in all ACSI surveys, which enables ITA to benchmark itself against other agencies and the private sector. Presently, the ITA-Wide CSI (US&FCS, TD, and MAC) is similar to the Federal Government Aggregate.

ITA will continue to achieve its customer satisfaction strategies by providing high-quality services and customized solutions through a unique global network of knowledgeable professionals who put their clients first to help U.S. firms export.
ITA continues its focus on e-commerce, a major channel to further U.S. exports. The scope of e-commerce influence is broad, covering market access, customs, services, government procurement, and other areas of export promotion. ITA’s e-commerce export promotion program has four main goals: helping small businesses use the Internet to find markets overseas, helping established U.S. information technology (IT) companies to expand overseas, helping emerging economies make the transition to the digital age, and ensuring that both the Internet and foreign markets are open and accessible.

ITA will increase efforts to promote U.S. companies’ bids in regions with higher e-commerce export potential.

MBDA will continue to build on its base by using the services of MBOCs, MBDCs, NABDCs, Community Roundtables, and other Access to Markets and Capital programs to enhance the Agency’s services to the minority business community.

In order to promote overall U.S. economic growth, it is critical to service medium to large businesses enterprises that can have a significant impact on employment and the tax base within their communities. Increasing the number of medium and large minority businesses is in the short and long-term strategic interest of achieving MBDA’s vision of wealth creation in the minority community. MBDA will continue to address the needs of small minority businesses. In pursuit of entrepreneurial parity, MBDA has established a Strategic Growth Policy. This initiative is designed to address the issue of sustainable business value for firms of size operating in high-growth industries. MBDA programs focused on providing access to capital and market opportunities, and are the prime components of the Strategic Growth Policy. MBDA has targeted its strategic goals and performance measures to ensure the efficient and effective allocation of its resources.

CHALLENGES FOR THE FUTURE

Due to the economic climate and the reduction in the financial resources of local governments and other entities, the overall demand for Economic Adjustment funding is expected to increase. This may have an adverse effect on EDA achieving its goal of state and local dollars committed per EDA dollar.

Changing economic, technological, and social conditions in the last decade have altered how international trade is conducted. This changing international trading environment presents U.S. exporters with numerous challenges and opportunities, such as domestic and international competitiveness, compliance with WTO accession requirements for nations like China, standards, currency and intellectual property issues, as well as transparency and rule-of-law requirements.

MBDA is challenged by the rapid growth in the minority population that is now taking place and the increased demands for new and expanded services. MBDA continued to execute strategic alliances with private and public sector organizations to leverage its resources. Concurrently, MBDA has narrowed its target market to focus resources on firms with the greatest economic impact on the nation.
**Performance Objective 1.2**

Advance responsible economic growth and trade while protecting American security

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This objective is important to the nation as it helps to ensure fair competition in international trade, advances the U.S. national security and economic interests by enhancing the efficiency of the dual-use export control system, deters illegal exports and identifies violators of export prohibitions and restrictions for prosecution, strengthens the export and transit control systems of nations that are still developing effective control arrangements, ensures U.S. industry compliance with the Chemical Weapons Convention (CWC) Agreement and the Additional Protocol to the International Atomic Energy Agency Safeguards Agreement, and undertakes a variety of functions to support the viability of the U.S. defense industrial base.

The Department is working extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. Appropriate actions are taken when violations have been identified. The Unfair Trade Practices Team tracks, detects, and vigorously investigates evidence of unfair subsidization and production distortions. Through internal restructuring, the Department has been able to focus and sharpen expertise on China by creating a China Compliance Office that devotes more resources to China, and cases and issues unique to non-market economies where the lines between the state and private sector are blurred.

The Department continues to face the difficult balancing act of supporting necessary shifts in foreign policy and security goals while addressing viable opportunities to expand the U.S. market base. The Department’s success in maintaining this balance has stemmed from its ability to integrate efforts to support the President’s commercial and foreign policy goals to promote freedom and liberty through free and fair trade, while it pursues expanding profitable markets for U.S. goods and services. For this reason, the Department is readily working to reconstruct Iraq and Afghanistan and to bring free trade to Africa and the Middle East.
advancing responsible economic growth and trade while protecting U.S. security. The Department’s programs continue to address market access and WTO compliance/accession requirements, and seek avenues to correct production-related, market distorting practices in China. The Department continued to ensure that U.S. firms have had a fair playing field. This is a cornerstone of responsible economic growth in trade. In the past three years, the Department’s ITA has saved the U.S. pharmaceutical industry billions of dollars through efforts to squelch “knock off” pharmaceuticals in the Chinese market.

Understanding trade laws. The Department has worked extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. Appropriate actions have been taken when violations have been identified. The Unfair Trade Practices Team has tracked, detected, and confronted unfair competition by monitoring economic data from U.S. global competitors and by vigorously investigating evidence of unfair subsidization and production distortions. Through internal restructuring, the Department has become more capable in focusing and sharpening expertise on China by creating a China Compliance office that devotes more resources to China. This has been critical because these cases and issues are unique to non-market economies where the lines between the state and private sector are blurred.

Free and fair trade. The Department continues to face the difficult balancing act of supporting necessary shifts in foreign policy and security goals while addressing viable opportunities to expand U.S. market base. The Department’s success in maintaining this balance has stemmed from its ability to integrate efforts to support the President’s commercial and foreign policy goals to promote freedom and liberty through free and fair trade, while it pursues expanding profitable markets for U.S. goods and services. For this reason, the Department is readily working to reconstruct Iraq and Afghanistan and to bring free trade to Africa and the Middle East.
The Department manages the U.S. dual-use export control system. Dual-use items subject to the Department’s regulatory jurisdiction have predominantly civilian uses, but also have conventional military, weapons of mass destruction, and terrorism-related applications. One of the Department’s principal objectives is to ensure that direct exports from the United States and reexports of U.S.-origin items from third countries advance U.S. national security, foreign policy, and economic interests. Other important objectives include ensuring industry compliance with international arms control treaties and contributing to the ability of the defense industrial base to meet national security requirements.

To accomplish its objectives, the Department promulgates clear, concise, and timely regulations setting forth license requirements for the export of dual-use items. Principal areas of focus include implementation of controls agreed to in the four multilateral export control regimes – the Nuclear Suppliers Group, the Missile Technology Control Regime, the Australia Group (chemical and biological nonproliferation), and the Wassenaar Arrangement (conventional arms and dual-use goods and technologies) – as well as furthering other U.S. foreign policy interests, including sanctions policies; specify which export licensing agency has jurisdictional authority for a given item; and clarify the rights and obligations of U.S. exporters.

In the development of regulatory policy, the Department consults with industry through its six Technical Advisory Committees (TAC). The TACs provide valuable input regarding industry perspectives on trends in technology as well as the practicality and likely impact of export controls. In addition, the Department often publishes significant rules in proposed form to give the exporting community an opportunity to comment before the regulations take effect.

In addition, the Department strives to effectively and efficiently process export license applications and related requests to enable U.S. companies to compete in the international market while ensuring that U.S. national security is protected and U.S. foreign policy is advanced. The Department’s programs continue to address market access and WTO compliance/accession requirements and seek avenues to correct production-related, market distorting practices in China. Ensuring that U.S. firms have a fair playing field is a cornerstone of responsible economic growth in trade.

**Performance Goal: Ensure fair competition in international trade (ITA)**

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

MAC overall objectives are to obtain market access for U.S. firms and workers and to achieve compliance with trade agreements that the U.S. has signed with other countries. Import Administration (IA) defends U.S. industry against injurious and unfair trade practices by administering the antidumping and countervailing duty (AD/CVD) laws of the United States and enforcing other trade laws and agreements negotiated to address such trade practices.

ITA successfully completed 100 percent of AD/CVD cases on time in accordance with its statutory mandate. The number of AD/CVD cases completed on time is a reflection of the diligence 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.
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 may impact ITA exports. This performance measure assesses the extent of ITA’s efforts to monitor trade agreements, identify and initiate market access and compliance cases on behalf of U.S. businesses, and work to their resolution. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports, which are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the United States and through monitoring efforts by ITA compliance officers.

ITA is in the vanguard of commerce to ensure fair competition by obtaining greater market access for U.S. companies by eliminating barriers to U.S. exports overseas and ensuring foreign compliance with negotiated trade agreements. This performance measure addresses ITA’s efforts to obtain market access for U.S. exporters and achieve foreign government compliance with trade agreements. The number of market access and compliance cases concluded is based on a number of cases processed by ITA where no further action by ITA is warranted—case is successfully resolved; complaint was groundless, i.e., no violation; industry decides not to pursue complaint; case referred to U.S. Trade Representative (USTR) for consideration for formal dispute settlement resolution; or the problem cannot be resolved despite ITA efforts. ITA plans to meet its annual target. MAC concluded 116 market access and trade compliance cases.

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

Performance Goal: Protect the U.S. national security and economic interests by enhancing the efficiency of the export control system (BIS)

BIS regulates the export of those dual-use items that are determined to require export licenses for reasons of national security, nonproliferation, foreign policy, or short supply; ensures that approval or denial of license applications advances U.S. economic and security interests; promotes within the business community understanding of export control regulations; represents the Department in interagency and international fora relating to export controls, particularly multilateral regimes; monitors and seeks to ensure the availability of industrial resources for national defense under the authority of the Defense Production Act; and assesses the security consequences for the United States of certain imports.

BIS 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 aggressive outreach program. BIS provides timely information to U.S. industry regarding the updating of export controls, new regulations in support of non-proliferation and anti-terrorism goals, and compliance with EAR.
BIS successfully promulgated 31 regulations that facilitate the ability of U.S. companies to compete internationally by streamlining export controls on less sensitive items while enhancing U.S. national security and furthering U.S. foreign policy interests by expanding export controls in key areas. Significant regulations published include those applying to exports to Libya, Syria, Iraq, and Cuba, and revisions to “catch-all” controls to further ensure terrorists are not able to access U.S.-origin items for weapons of mass destruction. BIS processed in a timely manner over 15,000 export license applications and related requests in FY 2004 benefiting exporting companies and industries and, in turn, the U.S. economy while protecting national security and foreign policy interests. BIS ensured the successful completion of ten international inspections of U.S. chemical plants under the Chemical Weapons Convention (CWC) as well as ensured commercial factors received due consideration in the Administration’s development of a strategy to implement the Additional Protocol to the International Atomic Energy Agency (IAEA) Safeguards Agreement. BIS contributed to the ability of the U.S. defense industrial base by processing 22 Defense Priorities and Allocations cases, reviewed 35 cases on foreign investment in the United States, and completed five defense industrial base reports. By issuing “Directives” to U.S. companies manufacturing critical materials in response to Department of Defense Requests for Special Priorities Assistance (RSPA), BIS contributed to every U.S. man and woman in uniform in Afghanistan and Iraq now having an Interceptor personal body armor vest. BIS imposed civil penalties in the amount of almost $6.2 million, compared to $4.1 million in all of FY 2003, and obtained criminal convictions on important export enforcement cases, such as InfoCom, Butler, and Suntek.

The basic BIS licensing program that establishes licensing policy, promulgates regulations, and applies the policy and regulations in evaluating and acting on license applications for export of dual use commodities largely accomplishes its fundamental objectives. Nevertheless, BIS continues to work to improve efficiency and effectiveness, including:

- Strengthening the legal basis for dual-use export controls: The Administration seeks a revised, reauthorized Export Administration Act (EAA) that will clarify some outdated control requirements, increase penalties for violations to replace inadequate penalties, further specify interagency licensing processes, and codify procedural rights of exporters.

U.S. Assistant Secretary for Commerce William H. Lash III announced here a resumption of Libyan oil exports to the United States and reported discussions on the Libyan purchase of Boeing aircraft. "The export of Libyan oil to the United States has started and there is no obstacle in this field," Lash told journalists. A Libyan petroleum source said the exports had commenced last month. Lash, who arrived for talks on improving trade ties, met with several senior Libyan officials including Energy Minister Fathi bin Shatwan, Tourism Minister Ammar Altaef and Libyan Arab Airlines chairman Hassan Dabnoun.
Improving technological and economic analytical ability: BIS continues to seek funds to establish an Office of Technology Evaluation that will enable it to acquire and manage economists and technological specialists who are equipped to address the defense industrial base issues and the high technology licensing issues BIS increasingly faces. This will specifically address deficiencies that have been cited by GAO and the Office of Inspector General (OIG).

The following are reviews conducted by GAO and the IG related to this Goal:

Cruise missiles and unmanned aerial vehicles (UAV) pose a growing threat to U.S. national security interests as accurate, inexpensive delivery systems for conventional, chemical, and biological weapons. GAO recommended that BIS assess the adequacy of EAR end-user, or "catch all," controls in addressing missile proliferation and indicate ways in which such controls might be modified to increase their effectiveness. BIS is preparing a revision to EAR that will expand missile catch-all controls to further address missile proliferation by non-state actors. Once published, the regulation will strengthen the controls contained in section 744.3 of EAR. BIS also conducted a review of licensing transactions with respect to unmanned aerial vehicles/cruise missiles. BIS identified those commodities, end-uses, and destinations requiring additional scrutiny for post-shipment verification selections.

To comply with the National Defense Authorization Act's (NDAA) FY 2004 requirement, the IG conducted an interagency review to assess whether the current deemed-export control laws and regulations adequately protect against the illegal transfer of controlled U.S. technologies and technical information by foreign nationals to countries and entities of concern. The IG determined that some areas of deemed-exports, such as the outreach program, are working well, and acknowledged the steps BIS has taken to strengthen the rest of the program. BIS also plans to initiate a pilot program for post-shipment verifications on the most sensitive deemed export licenses to determine compliance with license conditions and to detect any violations.
**Performance Goal: Ensure U.S. industry compliance with the Chemical Weapons Convention (CWC) agreement (BIS)**

BIS collects, validates, and aggregates data from those U.S. companies that manufacture or use chemicals covered by the convention; educates those companies on their treaty rights and obligations; and serves as the lead U.S. government agency for hosting international inspectors who are inspecting U.S. business facilities subject to Convention requirements.

BIS oversees compliance by the U.S. business community with the CWC and the Additional Protocol to the IAEA Safeguards Agreement.

BIS oversees compliance by the U.S. business community with the CWC and will oversee their compliance with the Additional Protocol to the IAEA Safeguards Agreement when implemented. Due to the lack of implementing legislation and regulations for the Additional Protocol in FY 2004, BIS was not able to conduct Site Assistance Visits (SAVs) under the Additional Protocol. However, BIS successfully conducted 12 SAVs pursuant to the CWC Regulations. During these SAVs, BIS assisted companies comply with CWC regulations and found that companies had adequate measures to protect confidential business information. However, none of the companies visited were selected for inspection by the Organization for the Prohibition of Chemical Weapons (OPCW) in FY 2004.

CWC bans chemical weapons and requires their destruction by 2007, with possible extensions to 2012. CWC also seeks to reduce the proliferation of these weapons by requiring member states to adopt comprehensive national laws to criminalize CWC-prohibited activities. The OPCW monitors the destruction of chemical weapons and inspects declared commercial facilities in member states. GAO reviewed (1) member states’ efforts to meet key convention requirements, (2) OPCW’s efforts in conducting inspections to ensure compliance with the convention, and (3) Russia’s efforts to destroy its chemical weapons stockpile.

It is important to recognize that the U.S. government has taken a lead role in addressing shortcomings in overall treaty implementation, including taking the initiative at the CWC Review Conference to establish a plan of action to promote universal compliance with Article VII by 2005. The U.S. government is providing assistance to States Parties and the Technical Secretariat to achieve this goal and is developing guidelines for making compliance assessments by the 2005 Conference of States Parties.
Performance Goal: Prevent illegal exports and identify violators of export prohibitions and restrictions for prosecution (BIS)

BIS investigates and helps prosecute potential violations of U.S. export control, antiboycott, and public safety laws that carry civil and criminal sanctions. BIS also engages in preventive enforcement to deter potential violations.

BIS protects national security, nonproliferation, anti-terrorism, and foreign policy interests by enforcing dual-use controls to ensure that illegal exports will be detected and either prevented or the violators sanctioned.

BIS’s enforcement program successfully imposed civil penalties in the amount of $6.2 million; overhauled the industry outreach program to include a standardized presentation and surveys to increase industry feedback; increased international cooperation by strengthening the attaché program; published the first penalty guidance for the settlement of administrative enforcement cases under EAR, which will provide transparency to the penalties, help increase the number of self-disclosures, and speed up the administrative settlement process.

In FY 2004, BIS completed 401 post-shipment verifications (PSV) to ensure that dual-use exports were used in accordance with their export license conditions.

GAO recommended that BIS (1) improve technical training for enforcement personnel conducting PSV checks, (2) ensure that personnel conducting PSV checks assess compliance with license conditions, and (3) require that the exporter inform the end user in writing of the license conditions.

BIS implemented the new Safeguards protocol, which requires training for all Safeguards team members, prior to their departure, on commodity recognition/identification and end-use check procedures. In addition, BIS is undertaking an effort to standardize conditions placed on export licenses and to review the enforceability of these conditions. BIS licensing and enforcement officials are also working together to conduct a series of outreach seminars to educate exporters on the importance of communicating license conditions.
Performance Goal: Enhance the export and transit control system of nations that lack effective control arrangements (BIS)

Through a series of bilateral and regional cooperative activities co-sponsored with the State Department, BIS helps the nations with which it works to (1) develop the procedures and requirements necessary to regulate the transfer of sensitive goods and technologies, (2) enforce compliance with these procedures and requirements, and (3) promote the industry/government partnerships necessary for an effective export control system to meet international standards.

The Office of International Programs assists in implementation of BIS international activities, including: (1) coordination and management of BIS participation in the U.S. government’s Export Control and Related Border Security Assistance program, which provides technical assistance to strengthen the export and transit control systems of nations lacking effective systems that are identified as potential locations for export transshipment or transit of nuclear, chemical, biological, or radiological weapons; missile delivery systems; or the commodities, technologies, or equipment that could be used to design or build such weapons or their delivery systems; (2) preparing input for reports and other information on BIS international cooperative programs; (3) representing the Department in ongoing interagency dialogues on international export control assistance programs and other international nonproliferation and export control issues; and (4) providing policy and implementation support for the Office of the Under Secretary for international dialogues and activities.

BIS successfully remedied 41 deficiencies in the national export control system capabilities of cooperating countries. Highlights of results of these accomplishments in various countries include the adoption of a national dual-use export control law, a draft of regulations establishing a national licensing authority, export enforcement training, deployment of industry awareness programs and Internal Control Program software tools in over 300 foreign enterprises, and high-level commitments to develop cadres of professional licensing officials.

BIS successfully commissioned independent evaluations of the effectiveness of its programs in several cooperating countries, including Russia and Ukraine, to launch a more systematic effort to assess program effectiveness. In FY 2004, GAO also recommended that the Secretaries of State and Commerce evaluate the extent to which the export control activities of the Nonproliferation and Disarmament Fund (NDF), particularly an
automated licensing software tool supported by NDF known as Tracker, are integrated under the Export Control and Related Border Security Assistance (EXBS) Program, and thus ensure that recipient countries are receiving comprehensive assistance to improve their export control systems. In June 2004, BIS began work with the Department of State in an Interagency Working Group that will oversee efforts to integrate Tracker into the EXBS.

OBJECTIVE 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 recently created China Compliance office in IA. This effort devotes more resources and dedicated experts to China for compliance issues.

Responding to increased concern about the proliferation of weapons of mass destruction, BIS continues to refine U.S. export controls in light of geopolitical and business realities. BIS 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.

BIS's primary host team role in CWC activities is to ensure that confidential business information is protected during inspections of U.S. firms. In addition, with the ratification by the U.S. Senate of the Additional Protocol to the IAEA Safeguards Agreement, BIS will serve as lead U.S. government agency in U.S. industry's compliance, and will be required to discharge responsibilities similar to those imposed under the CWC. This responsibility includes facilitating domestic visits of international inspection teams to determine compliance with the multilateral treaty obligations by covered U.S. facilities, and informing industry of its obligations under the treaty. Industry site assistance visits prepare covered facilities to receive a team of international inspectors.

BIS conducts outreach and educational programs to train U.S. exporters to identify and avoid illegal transactions. In addition, BIS works with its foreign counterpart agencies to encourage other governments to implement enforcement measures to complement BIS's export enforcement efforts. BIS unveiled an outreach program that includes a new standardized outreach presentation, increased solicitation of industry feedback via surveys, and new outreach tools.
Informative feedback from industry is being used to better target the critical issues that are of interest to industry. The standardized presentation will be given to industry representatives in order to educate them on BIS's enforcement activities. In addition, all BIS agents have been trained on delivering this presentation and will be reaching out to new audiences that have little experience in the export control arena.

BIS established and published the first penalty guidance for the settlement of administrative enforcement cases under the EAR.

Strong enforcement of U.S. export regulations is critical to protect U.S. security interests. However, U.S. national interests can also be jeopardized if sensitive materials and technologies from other nations reach countries of concern or terrorists. For this reason, BIS’s strategy includes promoting the establishment of effective export control systems by other nations. BIS also intends to use a new contract mechanism in FY 2005 that should allow for an increase in the number of technical exchanges conducted.

CHALLENGES FOR THE FUTURE

Implementing an export control system that advances U.S. national security, foreign policy, and economic objectives, taking into account the views of the other relevant U.S. executive branch agencies (Defense, State, Energy, Homeland Security, Justice, and the Central Intelligence Agency), Congress, foreign governments, and U.S. industry.

Strengthening the legal foundation of the dual-use export control system. The Export Administration Act lapsed on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 FR 48763 (August 10, 2004)), continues the regulations in effect under the International Emergency Economic Powers Act. 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. BIS continues to work with congressional members and staff on export control reforms that facilitate legitimate global trade while reducing illicit traffic in dual-use items and targeting export control resources on transactions of greatest risk.

Processing export license applications and related tasks promptly and accurately. BIS continues to strengthen its internal processes, develop enabling technologies, and work with other license application reviewing agencies to ensure that the process is effective and efficient. Ensuring U.S. exporters and foreign customers have ready access to regulatory and policy changes. Continuing to expand efforts to help key transshipment countries prevent the diversion of dual-use items through their ports. Ensuring industrial compliance with international arms control treaties without adversely affecting the competitive position of the affected industries. Ensuring U.S. chemical facilities are able to conclude successful inspections by the OPCW and the Additional Protocol to the IAEA. Continuing to refine enforcement targeting to ensure investigation and prosecution of the most significant dual-use export and antiboycott cases.
This objective is important to the nation’s economic well being in that it serves to meet the needs of policymakers, businesses and non-profit 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 seeks to promote 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 American public. As a primary source for several measures of macroeconomic activity, the Department provides the nation with a considerable picture of its economic health.
Important Highlights for Strategic Objective 1.3

provided More Consistent Information with Integrated Accounts. The Department worked in 2003 to address the need for more consistent data and make it easier for users to move between economic accounts. In June 2004, the Department released its first set of integrated industry accounts, which are a major step forward in making the economic accounts more user-friendly and accurate. The Department also has worked with the Federal Reserve Board on experimental integrated estimates with the flow of funds accounts.

Accelerated Release of Key Economic Statistics to Better Inform Decisions. As part of a multi-year project to make the nation’s key macroeconomic statistics more timely, the Department accelerated the release of two major measures in 2004. The annual input-output accounts were accelerated by 18 months, the first step in reducing the lag from three years to one year. These accounts provide the foundation for the National Income and Product Accounts and are the source for important productivity and industry analysis. The Department also accelerated the release of its quarterly state personal income by one month with the June 29, 2004 release. This acceleration provides users with state personal income only three months after the end of the quarter. A majority of state budget offices use state personal income to set either revenue and/or spending limits, businesses and economic development officials use personal income to measure the impact of business, and the federal government distributes over $190 billion in federal funds using state personal income.

Informed the Debate on Offshore Outsourcing Activities. The debate over the extent and the effects of outsourcing by U.S. companies to overseas firms intensified in early 2004. In recognition of this ongoing public interest, the Department accelerated by several months the release of summary statistics on the operations of multinational companies and their employment, sales, and capital expenditures for the year 2002. In addition, the Department published articles and made presentations describing long-term patterns in the domestic and overseas activities of U.S.-based multinationals in the Survey of Current Business. This can be found at www.bea.gov. The Department’s data are often relied on as a principal source of information for examining the issue of offshore outsourcing.
Performance Goal: Meet the needs of policymakers, businesses and non-profit organizations, and the public for current measures of the U.S. population, economy, and governments (ESA/Census)

Census Bureau collects and disseminates a wide range of current demographic and economic information to help decisionmakers and the public make informed decisions.

ESA’s Census Bureau produces the current economic statistics and current demographic statistics programs, the Survey of Program Dynamics, and the State Children’s Health Insurance Program.

The current economic statistics programs provide information on retail and wholesale trade and selected service industries; construction activity; quantity and value of industrial output, such as manufacturing activities; shipments, inventories, and orders; capital expenditure information; e-commerce sales; foreign trade; and state and local government activities. During 2004 more than 300 reports on the economy were released.

The current demographic statistics programs provide current measures of the U.S. population through household surveys and population and housing analyses. Among the current demographic programs are the Current Population Survey (CPS), the Survey of Income and Program Participation (SIPP), the Survey of Program Dynamics (SPD), and the State Children’s Health Insurance Program (SCHIP). The CPS is the primary source of information on the labor force characteristics of the U.S. population and the official source of information on poverty. The SIPP is the major source of information on the economic well-being of Americans over time. The SPD provides information to help policymakers evaluate the effects of the Temporary Assistance for Needy Families program. The SCHIP provides annual data for each state on the number of low-income children who do not have health insurance coverage.

Target response rates, which are a measure of the quality of surveys for the demographic and economic surveys, were successfully achieved. In addition, most data products for both the economic and demographic programs were released on schedule.

Census successfully exceeded the targeted response rates for the demographic surveys that are used to allocate federal program funds that support schools, employment services, housing assistance, hospital services, and programs for the elderly and disabled. These data are also used to modify programs such as Social Security, Medicare, and Medicaid.

The current demographic statistics program was evaluated by OMB using the Program Assessment and Rating Tool (PART) during FY 2004. OMB made recommendations on improving long-term goals, improving managerial accountability for release schedules, and pursuing additional independent evaluations. The Census Bureau is implementing recommendations in each area.

A FY 2004 Department of Commerce IG audit of Census Bureau performance measures recommended revisions to the wording of target performance levels related to this goal to ensure that they accurately conveyed the activities on which the performance results were based. As a result, the Census Bureau revised the wording of several targets from reporting response rates to levels of response, as measured by the number of actual households interviewed. It is anticipated that the new targets will more accurately reflect the impact on the quality of survey estimates that would result from changes in the planned survey design.
Performance Goal: Support the economic and political foundations of the United States by producing benchmark measures of the economy and population for the administration and equitable funding of federal, state, and local programs (ESA/Census)

This goal focuses on the major conduct and dissemination milestones for providing benchmark measures of the economy and population to decisionmakers. Demographic data are used to allocate federal funds and are the basis for key legislative and policy decisions. The economic census covers all non-agricultural sectors of the economy and reports on more than 22 million businesses.

ESA’s Census Bureau benchmark programs are a major source of baseline information upon which most data-based decisions and activities occur.

- The Census of Governments represents the primary source of facts about the structure and function of the public sector of the U.S. economy, so that Congress and federal agencies can plan and evaluate programs that involve intergovernmental relationships.

- The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy. It helps build the foundation for the GDP.

- Intercensal Demographic Estimates provides updated estimates of the U.S. population in the years between the decennial censuses.

- Demographic Surveys Sample Redesign provides improved sampling methodologies, and updated samples of households for the major recurring household surveys conducted by the Census Bureau.

The 2002 Economic Census advance report and all Census of Governments data products were released on schedule. Releasing the Economic Advance Report on schedule is important, since it provides the first snapshot of the economy at broad levels after the Economic Census and supports effective decision-making of policymakers, businesses, and the public. While the dissemination of the remaining Economic Census data products slipped slightly, the new schedule still meets user needs and is a significant improvement to the 1997 schedule. The dissemination slippage was a result of delays in receiving a final appropriation and lagging response rates that extended data collection activities several months.

Both the Intercensal Demographic Estimates and Demographic Surveys Sample Redesign programs were evaluated by OMB using PART during FY 2004. OMB made recommendations on further involving state partners and other stakeholders in reviews of the programs and incorporating programmatic changes into strategic planning documents. OMB recommendations are being implemented in both programs.

A FY 2004 Department of Commerce IG audit of Census Bureau performance measures recommended revisions to the wording of target performance levels related to this goal to ensure that they accurately conveyed what activities the performance results were based on. As a result, the Census Bureau reworded a target that addressed the dissemination of cyclical census products so that there would be no confusion about which products were scheduled for release.
**Performance Goal:** Meet constitutional and legislative mandates by implementing a re-engineered 2010 Census that is cost-effective, provides more timely data, improves coverage accuracy, and reduces operational risk (ESA/Census)

This goal applies to the multi-year effort to modernize and re-engineer the decennial census program to better meet the nation’s ever-expanding need for social, demographic, and geographic information.

The Census Bureau, within ESA, produces the Decennial Census which provides the official population counts for the United States. The re-engineered decennial program is made up of three integrated components:

- The American Community Survey (ACS), which will collect and tabulate long-form data every year throughout the decade using a large household survey,
- The MAF/TIGER Enhancement Program to enhance and improve the Census Bureau’s Master Address File (MAF) and geographic database (TIGER),
- The early planning and development of a short-form only census in 2010.

The 2004 Test Census operations are complete and the Evaluation Follow-up operations are ahead of schedule. The ACS achieved a 92 percent response rate. TIGER features have been brought into global positioning system (GPS) alignment for an additional 600 countries.

The re-engineered Decennial Census is important because it will provide the official population counts, and improve the relevance and timeliness of census long-form data, reduce operational risk, improve accuracy of census coverage, and contain costs. These efforts aim to provide decisionmakers and the public with better information and contain costs. By meeting its FY 2004 performance goals the Census Bureau shows strong progress toward meeting its long range re-engineering objectives for the Decennial Census program.
The Decennial Census program was evaluated by OMB using PART during FY 2004. OMB made recommendations on continuing to identify potential areas for cost savings, as well as developing ways to improve managerial accountability for cost, schedule, and performance. The Census Bureau is implementing OMB recommendations on improving managerial accountability, and is on target to update lifecycle cost estimates on a regular basis and improve the Decennial Census cost model to support the long-term performance goals of the 2010 Census.

A FY 2004 Department of Commerce IG audit of Census Bureau performance measures recommended revisions to the wording of target performance levels related to this goal to ensure that they accurately conveyed what activities the performance results were based on. As a result, the Census Bureau revised the wording of an ACS target and a MAF/TIGER measure to clarify and enhance explanations of actual performance results.

A GAO study found that preparations for the 2010 Census appear to be further along compared to a similar point prior to the 2000 Census. However, GAO recommends that the Census Bureau should continue to research alternative approaches to conducting the 2010 Census while at the same time reduce operational risk and the costs associated with conducting the 2010 Census. GAO also recommended that the Census Bureau combine information on goals, costs, and other key planning elements into a single integrated project plan that is updated as needed. The Census Bureau develops an operation plan that consolidates budget, methodological, and other relevant information about the 2010 Census into a single, comprehensive project plan that is updated regularly. This lifecycle document is shared with Congress, the National Academy of Sciences (NAS) Panel on Research on future Census Methods, and other stakeholders. However, in response to GAO, the Census Bureau is currently working on a document that will combine the information contained in key planning documents previously forwarded to GAO.

GAO also recommended “To help ensure that the nation has at its disposal the best possible data should there be problems with the quality of 2010 Census, the Bureau, with input from both majority and minority parties in the Senate and House of Representatives, should research the feasibility of procedures that could allow it to adjust census result for those purposes for which it is both legal and appropriate to do so and, if found to be feasible, test those procedures during the 2006 census test and 2008 census dress rehearsal.”

As noted in the response to the draft GAO report, “the Department believes it is not feasible to produce final analyses of coverage measurement data in time to meet legal deadlines. Further, the statutory deadline itself is not the only impediment to adjusting the census. Experience with Census 2000 demonstrated both that the full assessment of the Accuracy and Coverage Evaluation (ACE) data required time far beyond that required by states to meet redistricting requirements under any realistic scenario, and that the difficulties in uses of coverage measurement methodologies to
improve the accuracy of census counts at the tract level may well be insurmountable." Our response goes on to state, "...the Bureau has clearly indicated through its budget process that it does not plan to seek funds for developing a coverage measurement procedure designed to be used to adjust data for redistricting purposes."

Because of the importance and cost of the decennial census program, both OIG and GAO have conducted, and continue to conduct, detailed program audits of the Census Bureau’s re-engineering efforts. These efforts also are being studied by the Census Bureau’s advisory committees. The Census Bureau is working closely with all of these stakeholders to ensure that appropriate steps are taken in reaction to their observations and recommendations.

**Performance Goal: Support innovation, promote data use, minimize respondent burden, respect individual privacy, and ensure confidentiality (ESA/Census)**

*This goal applies to Census Bureau efforts to provide mission critical support for survey collection, processing, and dissemination.*

![Average Performance Rating and Number of Reported Results](image)

<table>
<thead>
<tr>
<th>Below Target</th>
<th>Slightly Below Target</th>
<th>On Target</th>
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<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>3</td>
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▼ = If in the yellow to green area then considered met.
If in the yellow to red area then considered not met.

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

ESA’s Census Bureau’s geographic support, data processing, survey development, and electronic information programs provide mission critical support for survey collection, processing, and dissemination.

Geographic Support manages large volumes of information from both internal and external sources to establish and maintain a current and complete inventory of housing unit addresses, streets, roads, and governmental unit boundaries.

Data Processing Systems, Survey Development & Data Services, and Electronic Information Collection provide centralized IT and data collection tools that provide stable, dependable information technology support and the ability to increase the Bureau’s capacity for IT innovations that are linked to the accuracy, timeliness, and effectiveness of all Census Bureau programs, including an IT security program.

“Every Survey Counts.” Only a small percentage of addresses receive the American Community Survey each year, which is why it is so important that each selected household respond to the survey. Photographed for American Community Survey promotional campaign.
The Boundary and Annexation Survey (BAS) achieved an 85.5 percent response rate. The milestones for the Portal Technology Project were reached, and the Census Bureau achieved a 71 percent score on the ACSI.

Although there are no Department IG or GAO evaluations to report on for the goal, the Census Bureau conducts internal quarterly reviews of these programs to ensure that performance measures are on target.

**Performance Goal:** 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 economic statistics for four major program areas:

- National Economic Accounts produces GDP, personal income and outlays, corporate profits, and capital stock estimates.
- Industry Accounts produces GDP by industry, input–output estimates, capital flow, and U.S. travel and tourism accounts.
- International Accounts produces U.S. balance of payments accounts, international trade in services, international investment position, foreign direct investment, and the operation of multinational companies.
- Regional Accounts produces gross state product, state and local personal income, and regional multipliers.

BEA significantly increased the accessibility and level of detail of its economic estimates. On June 29, 2004, BEA accomplished a one-month acceleration of its quarterly state personal income. This accelerated release, from four months after the end of the reference quarter to three, was supported by data users. It allows states to incorporate this accelerated data to develop more timely budget projections and better meet important state budget deadlines.

Interactive tables on [www.bea.gov](http://www.bea.gov) were launched and enhanced for the annual input–output accounts, GDP by industry, international transactions of the balance of payments, and underlying details for the National Income and Product Accounts. BEA also completed implementation of its electronic reporting system that allows all survey respondents to report online, thereby reducing their burden and improving data quality.

BEA has been able to modernize its statistical processing systems and take on challenges such as improving the quality and timeliness of a number of major economic estimates. During 2004, BEA achieved a number of important data improvement goals, including:

- Improving the accuracy of a wide variety of indexes for banking, finance, and profits
- Accelerating the release of state personal income, GDP by industry, and the annual input–output accounts
- Informing the debate on offshore outsourcing activities
- Expanding regional economic data from 318 to 934 U.S. communities.
BEA programs are evaluated through a variety of means. OMB has evaluated BEA twice in as many years using PART. In FY 2002 and FY 2003, BEA was awarded the highest rating of "Effective" and was ranked within the top 5 percent of all federal programs reviewed. BEA also conducts an annual survey of its users to monitor their satisfaction with BEA products and services. For three years running, customers of BEA products and services have indicated high levels of satisfaction. A certification and accreditation review of BEA's security plans was performed by the Department's Office of IT Security and given a green light. For the second year in a row, BEA contracted with the Office of Personnel Management to conduct an employee assessment survey to better understand the strengths and weaknesses of the organization. In that survey, BEA set the federal benchmark high on 12 of the 17 dimensions in 2003.

The BEA five-year Strategic Plan is a detailed operating plan that guides BEA's planning with over 190 detailed milestones per year. Managers are responsible for ensuring that the milestones are met as they feed directly into the performance measures and budget requests of the agency.

Twice a year, the 13-member BEA Advisory Committee meets publicly to review and evaluate BEA statistics and programs. The Committee advises the Director of BEA on matters related to the development and improvement of BEA's national, regional, industry, and international economic accounts, especially in areas of new and rapidly growing economic activities. The committee also provides recommendations from the perspectives of the economics profession, business, and government.

STRATEGIES AND FUTURE PLANS

The Census Bureau strives to provide accurate, timely, and useful information to users. Its strategy is to do that in the most cost-effective manner, while protecting privacy and confidentiality, and conducting its work openly. Census continues to work to make further use of automation and telecommunications to integrate the collection, capture, processing, and dissemination of Census Bureau data.

Census Bureau economic data related to this goal allow users to gauge competition, calculate market share, locate business markets, locate distributors, design sales territories, prepare operating ratios, and analyze change in the nation's economic structure. Likewise, relevant demographic data provides accurate information to decisionmakers so that funds can be allocated appropriately to the American people.

The Census Bureau will continue efforts to review these ongoing programs on a quarterly basis to ensure that they are meeting the Department's goals. The Census Bureau continues to work to make internal measures more outcome oriented, in response to the GPRA.

Census Bureau economic benchmark data are the foundation of the nation's economic statistics programs, providing core information on virtually all non-farm businesses and related data on business expenditures, commodity flows, minority and women-owned businesses, characteristics of the nation's trucking inventory, and other topics.

The multi-year effort to re-engineer the census will allow 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. Census's strategy is to accomplish that through the use of the ACS, enhancements to MAF/TIGER, and the short-form only 2010 census.
ESA, through its bureaus continues to aggressively pursue its mission to provide the nation with the most timely, relevant and accurate economic statistics about the U.S. economy. The BEA Strategic Plan lays out a challenging five-year plan to do so. In implementing this plan, BEA will continue to work with the Administration, the Congress, and its data users to ensure that the statistical products and services it provides to the American people continue to meet their high standards and needs.

**CHALLENGES FOR THE FUTURE**

Significant management challenges faced by the Census Bureau include meeting user demands for quality data, obtaining and maintaining targeted response rates for the various surveys conducted, and continuing to maintain respondent confidentiality.

BEA faces three major challenges in the near future. To tackle them, BEA has developed a detailed, public plan in its Strategic Plan for FY 2004 – FY 2008. The three major challenges facing BEA are:

*Measuring a constantly changing economy.* The U.S. economy is in constant flux. BEA is challenged to understand the structural changes in the economy, improve measurement methodologies, and locate and incorporate data sources to capture the changes. Its challenge is to continue to keep pace with these changes 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 is growing among users of federal economic statistics. 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 is its people. The quality of BEA statistics is dependent on the knowledge and skills of its staff. With the increasingly complex and changing economy, the demands on BEA staff to be at the leading edge of economic change and provide for innovative solutions to measurement are increasing. BEA must continue to prepare its employees for these challenges.