

INTERNATIONAL TRADE ADMINISTRATION



INTERNATIONAL
T R A D E
ADMINISTRATION

BUDGET ESTIMATES

FISCAL YEAR 2011

CONGRESSIONAL SUBMISSION

PRIVILEGED

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**Department of Commerce
International Trade Administration
Budget Estimates, Fiscal Year 2011
President's Submission
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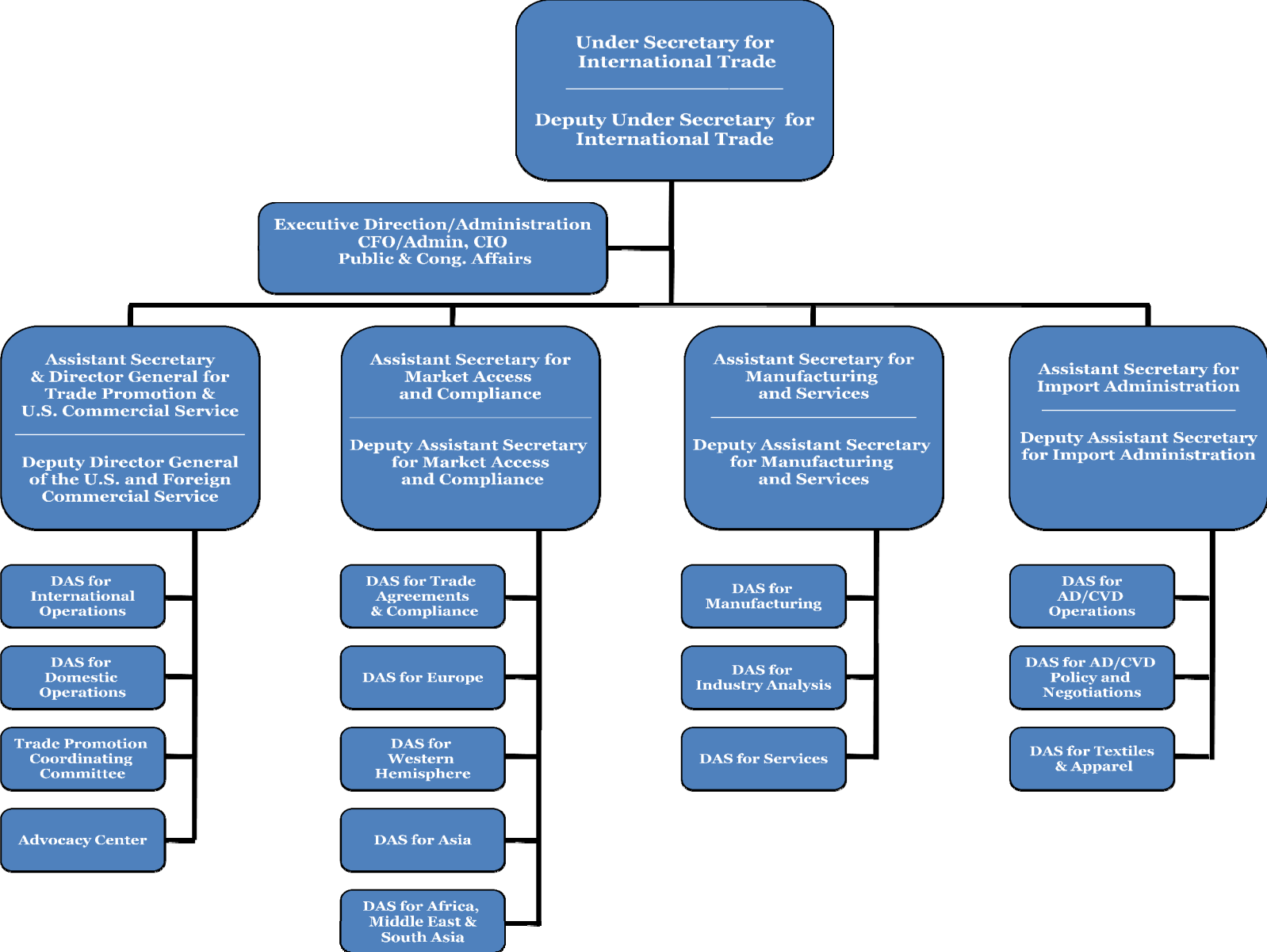
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ORGANIZATION STRUCTURE



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Executive Summary

FY 2011 President's Budget Submission

WHY INTERNATIONAL TRADE?

The volume of trade in products and services throughout the world is astounding. According to the International Monetary Fund more than \$20 trillion of goods and services will be exchanged among nations this year. In 2008, the United States exported an amazing \$1.83 trillion worth of goods and services and exports grew by 11.1 percent.

More than ever before, our economy is dependent on the global economy. Nowhere are the impacts of exports more important than in domestic job creation. The latest available employment numbers indicate that the number of U.S. jobs dependent on manufactured exports was roughly 6 million in 2006, representing nearly one out of every 20 private sector jobs. Services exports – including education, business services, information services, entertainment, international tourism to the United States, and construction and engineering – have also contributed to job creation. For example, recent estimates indicate that international travelers to the United States support roughly 1.1 million domestic jobs. Dr. Lawrence H. Summers, Director of the National Economic Council and Assistant to the President for Economic Policy, recently said, *“The rebuilt American economy must be more export-oriented....”* (Peterson Institute for International Economics speech, June 17th, 2009) By focusing on exports, the United States not only helps strengthen the long-term health of U.S. industries, but also further stimulates domestic job creation.

WHERE DOES THE INTERNATIONAL TRADE ADMINISTRATION FIT IN?

While the critical relationship between exports and economic growth is generally understood, the opportunities for enhancing U.S. exports, particularly by small and medium-sized firms, are not always fully appreciated or understood. Speaking before the Washington International Trade Association (WITA), Secretary of Commerce Gary Locke stated, *“Trade has always been crucial to American prosperity. And it has assumed an even greater significance in the current economic climate, as other sources of growth, like consumer spending have deteriorated. President Obama, and we at the Commerce Department see real opportunities to grow U.S. exports, across our entire economy – from large corporations to small and medium-sized businesses.”* (WITA dinner speech, July 22, 2009) The International Trade Administration fills the important role of helping American businesses take advantage of those opportunities.

The mission of the International Trade Administration (ITA) is to enable U.S. firms and workers to compete and win in the global marketplace and to create prosperity by strengthening the competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements. As the global economy begins to recover, U.S. businesses, with ITA's help, must be better positioned to respond to new demand from every region of the world.

With this budget submission, ITA proposes a multi-faceted strategy to better position U.S. companies in the global marketplace. This strategy leverages ITA's network of trade specialists across the United States and in more than 77 countries around the world, as well as its industry and trade policy analysts based in Washington, to help U.S. firms become more globally competitive by dismantling trade barriers and facilitating the expansion of exports.

ITA is highly involved in the major facets of successful international trade: analysis of domestic industry competitiveness, export promotion and advocacy, increasing access to foreign markets, trade agreements monitoring and compliance, and administration of U.S. trade laws. In order for U.S. companies, especially small and medium-sized enterprises (SMEs), to export for the first time, break into new markets, or expand their current export footprint, they need focused and tailored assistance to become more competitive and pursue international sales opportunities. They need help addressing the many barriers to trade that limit their ability to do business overseas. They also need assurance that the trade laws of our nation will be vigorously enforced to ensure a level playing field. ITA experts provide these services to U.S. firms.

In fulfilling its uniquely governmental function, ITA promotes trade and investment by providing counseling and advocacy through the export process, supplying industry with market research, facilitating international partner searches, and conducting trade events and related services. While ITA assists businesses of all types and sizes, and partners with larger service-oriented companies who act as force multipliers to get critical information about exporting opportunities into the hands of those who need it, ITA's primary focus is on assisting small and medium-sized enterprises' participation in the global marketplace.

ITA resolves unfair trade practices by identifying and overcoming trade barriers, ensuring foreign compliance with trade agreements, and enforcing U.S. trade laws through programs such as the Trade Compliance Center and the administration of U.S. antidumping (AD) and countervailing duty (CVD) laws.

ITA seeks to improve U.S. industry competitiveness by identifying barriers and analyzing the competitive and economic impact of certain domestic regulations. ITA coordinates public-private sector committees that represent most sectors of the U.S. economy and provides input both to trade policy negotiations and in shaping economic domestic policies.

Resource Request

For FY 2011, the ITA requests budget authority of \$534.3 million and 2,032 Full-time Equivalent positions (FTE) in the Operations and Administration account. This funds core operations with an \$87.5 million increase over the FY 2010 Appropriation. This budget represents the first step in a multi-year effort.

Adjustments to Base (ATB): \$4.0 million

The FY 2011 ATB request provides a net \$4.0 million to fund uncontrollable inflationary adjustments.

National Export Initiative: \$78.5 million

This comprehensive, multi-year export expansion strategy contained in this budget will:

- Expand the overseas presence of Commercial Service staff in emerging markets;
- Increase funding for trade compliance/enforcement;
- Increase funding for innovative public-private partnerships to promote exports;
- Increase outreach/guidance to SMEs capable of entering more challenging markets;
- Identify market opportunities for export-intensive, high-growth industry sectors;
- Increase the number and size of trade missions and reverse trade missions;
- Improve technology and communication infrastructure/tools and increase capacity of Trade Information Center to handle exporter inquiries;
- Strengthen partnerships with large supply-chain companies; and,
- Implement an export promotion plan targeted to top service sectors.

The National Export Initiative has the potential to make a significant contribution to economic growth in the U.S. and to stimulate domestic job creation. By increasing the number of U.S. firms that export and enabling

them to increase their volume of exports, new jobs will be created. Those jobs will be associated with higher wages, and U.S. companies will be better able to compete in the expanding global marketplace.

Commercial Law Development Program (CLDP): \$5.0 million

CLDP's technical assistance to developing countries helps create transparent legal systems and fair regulations that enable those countries to comply with international and bilateral trade obligations and promote rule of law. This increase provides additional direct funding and further enhances this longstanding and successful program.

Grants to Manufacturers of Worsted Wool Products: -\$5.3 million

ITA is requesting a decrease of \$5.3 million to eliminate a separate account that provides yearly subsidy grants to a small number of firms in the worsted wool manufacturing industry, allocated through a six-year-old formula according to each company's share of the relevant market in 1999, 2000, and 2001. Eligible manufacturers have already received approximately \$25 million in subsidies over the past five years to invest in the productivity improvements necessary to counter increased foreign competition.

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FY 2011 Annual Performance Plan

International Trade Administration

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- Section 3. Priorities/Management Challenges
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Section 1. Mission

Create prosperity by strengthening the competitiveness of U.S. industries, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements.

Section 2. Corresponding DOC Strategic Goal and Objective/Outcome

DOC Strategic Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

DOC Objective 1.1: Foster domestic economic development as well as export opportunities

ITA Performance Outcomes:

1. Enhance U.S. Competitiveness in Domestic and International Markets
2. Broaden and Deepen the U.S. Exporter Base

DOC Objective 1.2: Advance responsible economic growth and trade while protecting American security

ITA Performance Outcomes:

3. Identify and Resolve Unfair Trade Practices

DOC Management Integration Goal: Achieve organizational and management excellence

ITA Management Integration Outcome:

Achieve organizational and management excellence

Rationale:

ITA supports the Department of Commerce's (DOC) mission of creating "the conditions for economic growth and opportunity." ITA works with other Federal agencies by advancing trade policy initiatives to provide U.S. companies with market access in foreign countries. ITA's domestic and international staff works with an extensive network of public and private partnerships to open foreign markets, provide export opportunities for U.S. companies, and protect U.S. interests abroad. ITA's three performance outcomes¹ tie directly to DOC's strategic goals and objectives. ITA's management integration outcome ties directly to the DOC's Management Integration Goal.

This FY 2011 Annual Performance Plan (APP) reflects ITA's shift towards a more strategic organization that responds to client concerns and demands in an effective manner. This APP focuses on more effective planning and organizational management as described under ITA's management challenges section (See Section 4 of this APP). This plan also reflects the strategic direction outlined in ITA's FY 2007-FY 2012 Strategic Plan through which ITA aims to improve all aspects of U.S international economic interests.

Section 3. Priorities/Management Challenges

As part of developing the FY 2011 Budget and Annual Performance Plan, ITA has identified the following high priority performance goal, in support of Administration and Departmental priorities, that will be a particular focus for the remainder of FY 2010 and for FY 2011:

Export Opportunities: Increase the annual number of SMEs the Commercial Service successfully assists in exporting to a 2nd or additional country by 40% from FY 2009 to FY 2011.

In addition, Departmental Management (DM) has exercised oversight for Department-wide policies and procedures and works with ITA's Chief Financial Officer (CFO) and Chief Information Officer (CIO) to implement key government-wide management initiatives intended to achieve a citizen-centered, results-oriented, and market-based government.

ITA is working to address several management challenges (stated below) that require both long and short-term actions. Addressing these challenges will enable ITA to become a more accountable and effectively run organization. ITA's CFO and CIO are responsible for working with ITA program management to lead the way for the organization to become a better run organization. ITA's leadership works collaboratively with DM to ensure that administrative functions, such as planning, budgeting, financial management, IT, procurement, and human resources management operate smoothly across the organization.

During the period of its current strategic plan from FY 2007 through FY 2012, ITA intends to:

- Improve financial management effectiveness;
- Ensure property and asset accountability;
- Strengthen the protection of personal information;
- Position human capital as a strategic asset;
- Strengthen strategic planning;
- Establish client-focused/mission-driven IT systems and data integration;
- Optimize organizational flexibility and management capabilities; and

¹ It is important to note that ITA has shifted from four performance outcomes to three. ITA discontinued reporting on "Increase exports to commercially significant markets including FTA countries, China and India" since the performance metrics were based on substantial external factors not controlled by ITA or the Department. For this reason, the metrics associated with that outcome were not indicative of either the Department's or ITA's performance.

- Develop analytic and evaluative capabilities to engage the organization in continuous improvement efforts.

Several of the stated management challenges will impact the FY 2011 budget including IT information security enhancements, changes to DOC systems (such as implementation of an integrated e-travel system), upgrades to the DOC's automated acquisition system, and identification of security upgrades for ITA employees as required by Homeland Security Presidential Directive-12 (HSPD-12).

Section 4. Target and Performance Summary Table

Outcome 1 – Enhance U.S. Competitiveness in Domestic and International Markets						
Measure 1A: Annual cost savings resulting from the adoption of MAS recommendations contained in MAS studies and analysis (long-term/annual)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Target	Target
	\$287M	\$413M	\$455M	\$552M	\$350M	\$350M
Description: This measure captures the work of Manufacturing and Services analysts who evaluate the upstream and downstream impacts of various regulations on U.S. manufacturers and service providers in order to reduce the cost of regulation and produce cost savings for the industry. During FY 2008, MAS provided analysis and comments on the Environmental Protection Agency’s (EPA) Spill Prevention, Control, and Countermeasures (SPCC I) rule resulting in cost savings to industries regulated by that rule. Several other rules, including EPA’s Definition of Solid Waste, the Department of Transportation’s (DOT) Side Impact, and Federal Aviation Administration’s (FAA) Aeronautical Parts Marking (APM) are under MAS review.						
Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact regulatory studies; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None	Title: N/A					Exhibit 13 Page no: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
MAS Analytical Reports and Studies	Annual	MAS Planning Coordination and Management Office Records	ITA utilizes Inspector General reviews, the annual independent financial audits and DOC/ITA verification and validation reviews to assess actual measure data.	A number of factors, including U.S. business cooperation, global trade trends, political developments, and other federal regulatory agencies may impact actual cost savings.	None	

Outcome 1 – Enhance U.S. Competitiveness in Domestic and International Markets						
Measure 1B: Percent of industry-specific trade barriers that were removed or prevented (long-term)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Target	Target
	N/A	New	29%	30%	30%	30%
Description: This measure quantifies over a five-year period, the success of MAS’s involvement in removing industry-specific foreign trade barriers. This enables U.S. companies to bring more of their products and services to previously closed foreign markets. This measure captures the outcome of MAS’s efforts to address barriers in foreign markets such as labeling requirements, foreign restrictions on U.S. investment, and spurious foreign standards.						
Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact regulatory studies; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None	Title: N/A					Exhibit 13 Page no: N/A

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
MAS Sector Analyst	Long-Term	PBViews®	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments create barriers or act inconsistently with trade obligations (an exogenous factor) may impact the number of barriers removed.	None

Outcome 1 – Enhance U.S. Competitiveness in Domestic and International Markets						
Measure 1C: Percent of industry-specific trade barrier milestones completed (annual)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Target	Target
	81%	54%	73%	72%	55%	70%
Description: This measure reports on the success of MAS to target and remove industry-specific trade barriers. MAS measures its long term outcomes through the removal or prevention of industry specific barriers (See Measure 1B). Key milestones track annual progress toward removal or elimination of each identified barrier. Barriers have been identified by U.S. industry and assessed by MAS program staff to determine their commercial and strategic value.						
Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact regulatory studies; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None		Title: N/A				Exhibit 13 Page no: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
MAS Sector Analyst	Annual	PBViews®	ITA utilizes Inspector General reviews, the annual independent financial audit and DOC/ITA verification and validation reviews to assess actual measure data.	These industry specific trade barrier milestones are occasionally subject to externalities such as delays in trade meetings with foreign governments. These factors may accelerate or impede milestone completion.	None	

Outcome 1 – Enhance U.S. Competitiveness in Domestic and International Markets						
Measure 1D: Percent of agreement milestones completed (Annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		100%	100%	70%	23%	100%
<p>Description: This performance measure captures the work of MAS industry analysts and trade negotiators who work on multi-year free trade agreements that benefit U.S. exporters and are intended to enhance U.S. competitiveness. These agreement milestones ensure that MAS’s efforts are aligned to the President’s Trade Agenda, to the Department’s Manufacturing Initiative and to its Standards Initiatives. These milestones assist in tracking the MAS program’s progress toward accomplishing key tasks that strengthen domestic and international competitiveness. The FY 2008 actual is 70% because key agreements were suspended by the Administration. MAS uses milestones to measure its performance on free trade agreements. For each agreement, there are 12 milestones that cover MAS work from the initiation of an agreement until it is completed. The metric used to measure performance is the percent of targeted milestones completed. For example a metric of 100% means that all targeted milestones for all agreements were completed. They FY 2009 actual is noticeably lower than the FY 2008 actual because the negotiated agreements were put on hold. To date, there has only been on agreement announced.</p>						
<p>Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact regulatory studies; therefore ITA shows no change in the target for this measure.</p>						
Relevant Program Change(s): None	Title: N/A					Exhibit 13 Page no: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
MAS Sector Analyst	Annual	MAS Planning, Coordination and Management Office Records	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	These agreement milestones are occasionally subject to externalities such as delays in trade meetings with foreign governments that may accelerate or impede milestone completion.	None	

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2A: Increase in the annual growth rate of total small and medium-sized (SME) exporters	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		N/A	New	New	4.69%	2.80%
<p>Description: The measure assesses the program's success at increasing the number of SME firms exporting. Data collected by the U.S. Census Bureau (Census) on the total number of SME exporters shows an average year-to-year growth rate of 2.52 percent between 2003 and 2006. The U.S. & Foreign Commercial Service (US&FCS) proposes and to raise the average growth rate to 3 percent over the next five years. The US&FCS considers this to be an ambitious, but achievable long-term target. The NEI funding increases will be</p>						
<p>Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.</p>						
Relevant Program Change(s):	Title: National Export Initiative					Exhibit 13 Page no: ITA – 37

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
U.S. Census Bureau	Long-Term	PBViews®	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA remains dependent on Census reporting schedules. Delays in Census reporting can result in a lag in calculating ITA performance outcomes.	None

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2B: Percentage of advocacy bids won	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Target	Target
	N/A	N/A	New	11%	17%	18%
Description: This measure illustrates US&FCS effectiveness in winning bids by comparing the number of advocacy client successes over time to the US&FCS average annual advocacy caseload. Improvement in this long-term success rate is an indicator that US&FCS advocacy efforts are increasingly effective at ensuring that U.S. business interests receive fair treatment in foreign markets.						
Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.						
Relevant Program Change(s):	Title: National Export Initiative				Exhibit 13 Page no: ITA – 37	
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
U.S. Census Bureau	Long-Term	PBViews®	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA remains dependent on Census reporting schedules. Delays in Census reporting can result in a lag in calculating ITA performance outcomes.	None	

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2C: Commercial Diplomacy Success (annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		New	71	181	196	166
Description: This measure captures the results of US&FCS front-line diplomatic engagement with foreign governments based on actions directed towards a foreign government in support of a U.S. company or the U.S. national economic interest. In order to qualify as a success, this engagement requires an action by the foreign government, and an outcome that benefits a U.S. company or the U.S. national economic interest. It serves as a valuable tool to gauge US&FCS performance in its government-to-government work and captures a critical component of the program’s fundamental mandate to protect U.S. business interests abroad.						
Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.						
Relevant Program Change(s):	Title: National Export Initiative					Exhibit 13 Page no: ITA – 37
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
ITA Compliance & Market Access Management System database	Annual	ITA Client Tracking System case database and PBViews®	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data. In addition, each month, Commercial Service officers review case data relevant to their areas in the ITA Client Tracking System case database.	Data reported is wholly dependent on a client’s willingness to provide such information and underreporting is likely.	None	

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2D: Export Success Firms/Active Client Firms (Annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		N/A	N/A	New	23.3%	11.0%
Description: This measure illustrates US&FCS annual change in effectiveness in helping active clients achieve export success by comparing the number of firms successfully exporting to the number of firms helped by US&FCS.						
Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.						
Relevant Program Change(s):	Title: National Export Initiative					Exhibit 13 Page no: ITA – 37
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
U.S. Exporters	Annual	Client Management System	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	Data reported is wholly dependent on a client’s willingness to provide such information and underreporting is likely.	None	

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2E: US&FCS SME NTE/Total change in SME exporters (annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	N/A	N/A	New	15.22%	12.74%	13.12%
Description: This measure demonstrates US&FCS’s ability to engage potential exporters and help them better negotiate the barriers to achieve export success. This is measured by comparing the number of SME New-to-Export firms assisted by US&FCS to the total change in SME exporters nationwide, as reported by the U.S. Census Bureau.						
Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.						
Relevant Program Change(s):	Title: National Export Initiative				Exhibit 13 Page no: ITA – 37	
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
U.S. Census Bureau	Annual	Client Management System	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA remains dependent on Census reporting schedules. Delays in Census reporting can result in a lag in calculating ITA performance outcomes.	None	

Outcome 2 – Broaden and Deepen the U.S. Exporter Base						
Measure 2F: Number of SME NTM firms/SME firms exporting to two to nine markets (annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	N/A	N/A	New	3.49%	3.92%	5.00%
Description: This measure focuses on US&FCS’s ability to help existing exporters overcome the barriers required to expand into multiple markets by comparing the number of SME New-to-Market firms assisted by US&FCS to SME firms exporting in two to nine markets, as reported by the Census Bureau.						
Comments on Changes to Targets: At present, the FY 2010 target is aligned to historical performance.						
Relevant Program Change(s):	Title: National Export Initiative				Exhibit 13 Page no: ITA – 37	
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
U.S. Census Bureau	Annual	Client Management System	ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA remains dependent on Census reporting schedules. Delays in Census reporting can result in a lag in calculating ITA performance outcomes.	None	

Outcome 3– Identify and Resolve Unfair Trade Practices						
Measure 3A: Percentage reduction in trade-distorting foreign subsidy programs (long-term)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	N/A	New	1.6%	1.8%	>1.5%	>2%
Description: The Import Administration (IA) has identified approximately 200 unfair trade practices. The measure tracks IA's efforts to monitor and address unfair trade practices through negotiation or by remedies provided under World Trade Organization (WTO) agreements or U.S. law. Many of the practices identified include preferential tax laws and subsidy programs.						
Comments on Changes to Targets: ITA expects to reach 3% by FY 2012. At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact this measure; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None	Title: N/A					Exhibit 13 Page no: N/A
Validation and Verification						
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken	
U.S. and foreign companies' financial statements	Long-Term	Data from the AD/CVD Case Management System and PBViews®	Each case is supported by final determinations, including Federal Register notices. ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	None	None	

Outcome 3 – Identify and Resolve Unfair Trade Practices						
Measure 3B: Percent of AD/CVD determinations issued within statutory and/or regulatory deadlines (long-term/annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
	92%	89%	92%	86%	90%	90%
Description: This measure compares the number of determinations issued within statutory and/or regulatory deadlines to the total number of determinations issued consistent with the AD/CVD laws and regulations of the United States and international obligations. Nearly all of these determinations are published in the Federal Register.						
Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact this measure; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None	Title: N/A					Exhibit 13 Page no: N/A

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
IA cases completed in accordance with the statutory deadline	Long-Term/ Annual	Data from the AD/CVD Case Management System and PBViews®	Each case is supported by final determinations, including Federal Register notices. ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	None	None

Outcome 3 – Identify and Resolve Unfair Trade Practices						
Measure 3C: Percent of ministerial errors in IA’s dumping and subsidy calculations (Long-Term/Annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		8%	8%	10%	8%	<10%
Description: This measure reflects IA’s efforts to minimize/eliminate ministerial errors committed in the calculation of the dumping margins and subsidy rates that are published as preliminary or final determinations in investigations or published as final results in administrative reviews in the Federal Register. The importing public relies on accurate margins in order to estimate the amount of duties they may be responsible for and uses these margins to make business decisions. Foreign exporters rely on accurate margins in order to adjust their business practices to eliminate dumping. U.S. producers require accurate margins in order to make business decisions and remain competitive.						
Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact this measure; therefore ITA shows no change in the target for this measure.						
Relevant Program Change(s): None	Title: N/A				Exhibit 13 Page no: N/A	

Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
U.S. Customs	Annual/ Long-Term	Data from the AD/CVD Case Management System and PBViews®	Case reviews for errors by senior management. Also, ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	None	None

Outcome 3 – Identify and Resolve Unfair Trade Practices						
Measure 3D: Percentage of Market Access and Compliance cases resolved successfully (Long-Term/Annual)	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2011 Target
		47%	52%	41%	61%	50%
Description: This measure shows the number of cases concluded successfully by ITA as a percentage of completed cases in a given period that are designated as having resulted in success. This measure ensures MAC staff works to achieve outcomes that meet the client expectations and does not simply close cases. It measures the effectiveness of the organization to remove foreign trade barriers (or prevent their implementation) on behalf of U.S. industries.						

Comments on Changes to Targets: At present, FY 2010 and FY 2011 targets are aligned to historical performance. The NEI funding increase does not impact this measure; therefore ITA shows no change in the target for this measure.

Relevant Program Change(s): None	Title: N/A	Exhibit 13 Page no: N/A
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Validation and Verification					
Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
ITA Compliance and Market Access Management System database	Annual/Long-Term	ITA Client Tracking System case database and PBViews®	Each month, MAC office managers review case data relevant to their areas in the ITA Client Tracking System case database. In addition, ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA cannot control the outcome of the measure. In most cases, ITA must persuade a sovereign foreign government to change or remove a law or regulatory standard in order to declare a case a success.	None

Outcome 3 – Identify and Resolve Unfair Trade Practices						
Measure 3E: Value of MAC cases resolved successfully (Annual)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Target	Target
	\$7.3B	\$8.8B	\$12.3B	\$25.4B	\$2.5B	\$2.5B
Description: This measure provides the estimated cost of a particular trade barrier removed as it relates to a specific company or industry. This measure tends to fluctuate over time. This measure gauges the impact of trade barriers removed on behalf of a specific company or industry.						
Comments on Changes to Targets: ITA trend data indicates that the value of ITA cases resolved successfully has increased every year. ITA expects the value of cases to increase by 20% on an annual basis till 2010. The FY 2008 Actual exceeded the annual goal of \$1.5B because more users began to enter information regarding this metric after the roll-out of the new ITA Client Tracking System. In addition, the FY 2009 actual shows a large increase that was due to ITA closing two large cases valued at \$17.0B and \$3.0B respectively. At present, the FY 2011 target is aligned to historical performance.						
Relevant Program Change(s): None	Title: N/A				Exhibit 13 Page no: N/A	
Validation and Verification						

Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
ITA Compliance and Market Access Management System database	Annual/Long-Term	ITA Client Tracking System case database and PBViews®	Each month, MAC office managers review case data relevant to their areas in the ITA Client Tracking System case database. ITA utilizes Inspector General reviews, the annual independent financial audit, and DOC/ITA verification and validation reviews to assess actual measure data.	ITA cannot control the outcome of the measure. In most cases, ITA must persuade a sovereign foreign government to change or remove a law or regulatory standard in order to declare a case a success.	None

Section 5. FY 2011 Program Changes

	Accompanying GPRA		Base (in Millions)		Increase/Decrease		Page of Exhibit 13 Discussion
	APP Page no.	Performance Measure no.	FTE	Amount	FTE	Amount	
Program Change: National Export Initiative	ITA – 16 to ITA – 19	2A-2F	1,891	\$450,797	131	\$78,468	ITA – 37
Program Change: Commerce Law Development Program	N/A	N/A	0	\$0	10	\$5,000	ITA – 63
Program Change: Grants to Manufacturers of Worsted Wool Products	N/A	N/A	0	\$5,332	0	(\$5,332)	ITA – 117

Section 7. Resource Requirements Table

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2011 Base	Increase/Decrease	FY 2011 Request
ITA Performance Outcome 1: Enhance U.S. Competitiveness in Domestic and International Markets								
Manufacturing and Services	\$49.1	\$56.1	\$42.5	\$49.8	\$50.1	\$51.3	\$5.1	\$56.4
Executive Direction/Administration	\$3.7	\$3.6	\$3.5	\$3.2	\$3.4	\$3.2	\$0.3	\$3.5
Total Funding	\$52.8	\$59.7	\$46.0	\$53.0	\$53.5	\$54.5	\$5.4	\$59.9
Direct	\$52.1	\$59.0	\$44.8	\$52.3	\$52.9	\$54.0	\$5.4	\$59.4
Reimbursable	\$0.7	\$0.8	\$1.2	\$0.7	\$0.8	\$0.6	\$0.0	\$0.6
IT Funding	\$4.6	\$5.5	\$5.1	\$4.8	\$4.8	\$4.9	\$0.5	\$5.4
FTE	257	243	228	213	222	222	14	236

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Enacted	FY 2011 Base	Increase/ Decrease	FY 2011 Request
ITA Performance Outcome 2: Broaden and Deepen the U.S. Exporter Base								
Commercial Service	\$247.5	\$245.9	\$256.6	\$267.6	\$277.4	\$279.0	\$61.1	\$340.1
Executive Direction/Administration	\$16.6	\$17.1	\$16.8	\$15.5	\$16.5	\$15.8	\$1.5	\$17.3
Total Funding	\$264.1	\$263.0	\$273.4	\$283.1	\$293.9	\$294.8	\$62.5	\$357.4
Direct	\$251.8	\$250.6	\$257.9	\$257.9	\$276.6	\$275.5	\$62.5	\$338.1
Reimbursable	\$12.3	\$12.4	\$15.5	\$25.2	\$17.3	\$19.3	\$0.0	\$19.3
IT Funding	\$22.9	\$27.5	\$25.6	\$23.8	\$24.2	\$24.5	\$5.3	\$29.8
FTE	1,338	1,202	1,151	1,120	1,114	1,124	98	1,222
ITA Performance Outcome 3: Identify and Resolve Unfair Trade Practices								
Market Access and Compliance	\$43.5	\$44.0	\$46.0	\$45.5	\$45.2	\$44.7	\$11.7	\$56.3
Import Administration	\$71.7	\$66.6	\$69.6	\$72.3	\$75.1	\$75.8	(\$2.2)	\$73.6
Executive Direction/Administration	\$8.3	\$7.5	\$7.9	\$7.4	\$7.9	\$7.6	\$0.7	\$8.3
Total Funding	\$123.5	\$118.2	\$123.5	\$125.2	\$128.3	\$128.1	\$10.1	\$138.2
Direct	\$122.0	\$116.9	\$122.4	\$124.8	\$126.9	\$126.7	\$10.1	\$136.8
Reimbursable	\$1.4	\$1.3	\$1.1	\$0.5	\$1.4	\$1.4	\$0.0	\$1.4
IT Funding	\$10.7	\$12.8	\$11.9	\$11.1	\$11.3	\$11.5	\$1.1	\$12.6
FTE	633	544	496	528	567	567	29	596
Grand Total								
Total Funding	\$440.2	\$440.8	\$442.9	\$461.4	\$475.7	\$477.4	\$78.1	\$555.5
Direct	\$425.9	\$426.5	\$425.1	\$435.0	\$456.4	\$456.2	\$78.1	\$534.3
Reimbursable	\$14.5	\$14.5	\$17.8	\$26.4	\$19.5	\$21.3	\$0.0	\$21.3
IT Funding	\$38.2	\$45.8	\$42.6	\$39.6	\$40.3	\$40.9	\$7.0	\$47.9
FTE	2,229	1,990	1,875	1,861	1,903	1,913	141	2,054

Note: Travel and Tourism Promotion account included in MAS and Worsted Wool account included in IA. Differences in totals are the result of rounding.

**Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF RESOURCE REQUIREMENTS**
(Dollar amounts in thousands)

	Positions	FTE	Direct Obligations	Budget Authority
FY 2010 Currently Available	2,181	1,881	451,008	446,765
less: Obligations from prior years	0	0	(4,243)	0
ITA- 29 plus: 2011 Adjustments-to-Base	0	10	4,032	4,032
FY 2011 Base	2,181	1,891	450,797	450,797
plus: FY 2011 Program Changes	190	141	83,468	83,468
Total FY 2011 Estimate	2,371	2,032	534,265	534,265

Comparison by activity/subactivity		2009		2010		2011		2011		Increase/	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
ITA- 41 Manufacturing and Services	Pos./BA	242	48,592	242	49,530	242	50,765	261	55,885	19	5,120
	FTE/Obl.	199	49,152	209	49,530	209	50,765	223	55,885	14	5,120
ITA- 53 Market Access and Compliance	Pos./BA	226	42,332	226	43,212	226	44,103	257	55,753	31	11,650
	FTE/Obl.	201	45,486	204	44,675	204	44,103	228	55,753	24	11,650
ITA- 67 Import Administration	Pos./BA	415	66,357	415	68,290	415	69,792	424	72,912	9	3,120
	FTE/Obl.	298	66,676	331	69,078	331	69,792	336	72,912	5	3,120
ITA- 83 Trade Promotion and U.S. & Foreign Commercial Service	Pos./BA	1,119	237,739	1,149	258,438	1,149	259,974	1,279	321,052	130	61,078
	FTE/Obl.	1,041	242,660	1,041	260,373	1,051	259,974	1,148	321,052	97	61,078
ITA- 93 Executive Direction/Administration	Pos./BA	149	25,411	149	27,295	149	26,163	150	28,663	1	2,500
	FTE/Obl.	100	25,627	96	27,352	96	26,163	97	28,663	1	2,500
TOTALS	Pos./BA	2,151	420,431	2,181	446,765	2,181	450,797	2,371	534,265	190	83,468
	FTE/Obl.	1,839	429,602	1,881	451,008	1,891	450,797	2,032	534,265	141	83,468
	Fees		9,439		9,439		9,439		9,439		
Adjustments for:											
Recoveries			(7,078)		0		0		0		0
Refunds			(471)								
Unobligated balance, start of year			(3,891)		(4,243)		0		0		0
Unobligated balance, start of year transferred			(1,976)		0		0		0		0
Unobligated balance, expiring			3		0		0		0		0
Unobligated balance, end of year			4,243		0		0		0		0
Unobligated balance, end of year unavailable					0		0		0		0
Financing from:											
Transfers to other accounts			0		0		0		0		0
Transfers from other accounts			0		0		0		0		0
Appropriation			420,431		446,765		450,797		534,265		83,468

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Department of Commerce
International Trade Administration
Operations and Administration
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	2009 Actual	2010 Enacted	2011 Base	2011 Estimate	Increase/ (Decrease)
Total Obligations	446,101	472,080	472,095	555,563	83,468
Financing:					
Offsetting collections from:					
Federal funds	(11,190)	(9,859)	(11,859)	(11,859)	0
Trust funds					0
Non-Federal funds	0	(9,439)	(9,439)	(9,439)	0
Recoveries	(8,211)	0	0	0	0
Refunds	(471)	0			
Unobligated balance, start of year	(10,175)	(6,017)	0	0	0
Unobligated balance, start of year transferred	(1,976)	0	0	0	0
Unobligated balance, expiring	336	0	0	0	0
Unobligated balance, end of year	6,017	0	0	0	0
Unobligated balance, end of year unavailable	0	0	0	0	0
Budget Authority	420,431	446,765	450,797	534,265	83,468
Financing:					
Transferred to other accounts	0	0	0	0	0
Transferred from other accounts	0	0	0	0	0
Appropriation	420,431	446,765	450,797	534,265	83,468

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**Department of Commerce
International Trade Administration
Operations and Administration
Adjustments-To-Base**
(Dollar amounts in thousands)

<u>Adjustments:</u>	<u>FTE</u>	<u>Amount</u>
Less amounts unrequested in FY 2010		(6,500)
 <u>Other Changes:</u>		
Annualization of 2010 Pay Raise	0	989
2011 Pay Raise	0	2,451
Payment to the Working Capital Fund	0	180
Full-year cost in 2011 of positions financed for part year in 2010	10	882
Implementation of Foreign Service Overseas Pay Equity Act of 2009	0	4,048
Civil Service Retirement System (CSRS)	0	(211)
Federal Employees' Retirement System (FERS)	0	1,005
Thrift Savings Plan	0	60
Federal Insurance Contribution Act (FICA)-OASDI	0	198
Health insurance	0	815
Employee's Compensation Fund	0	92
Travel		
Mileage	0	(18)
Domestic Per diem	0	123
Foreign Per diem	0	(230)
Rent payments to GSA	0	210
Electricity	0	349
Postage	0	2
Printing and reproduction	0	12
Other services: (Itemized)		
Working capital fund	0	1,222
Commerce Business Systems (bureau specific)	0	51
National Archives and Records Administration (NARA)	0	6
Capital Security Cost Sharing Program	0	(2,339)
International Cooperative Administrative Support Services (ICASS)	0	1,649
Non ICASS local guard service	0	10
Military pouch	0	6
General Pricing Level Adjustment:		
Transportation of things	0	13
Rent payments to others	0	4
Communications, Utilities and Miscellaneous	0	15
Other Services	0	136
Supplies and materials	0	12
Equipment	0	39
Overseas price increases	0	175
Currency Loss	0	(1,424)
Subtotal, other changes	10	10,532
Less amount absorbed		0
Total, Adjustments to Base	10	4,032

**Department of Commerce
International Trade Administration
Operations and Administration
JUSTIFICATION OF ADJUSTMENTS TO BASE
(Dollar amounts in thousands)**

		<u>FTE</u>	<u>Amount</u>
<u>Adjustments:</u>			
Less: Unrequested Increases FY 2010.....			(6,500)
 <u>Other Changes:</u>			
Pay Raises.....			3,620
Full-year cost of 2010 pay increase and related costs:			
The 2010 President's budget assumes a pay raise of 2.0% effective January 1, 2010.			
Total cost in 2011 of 2010 pay raise	3,956,000		
Less amount funded in 2010	(2,967,000)		
	989,000		
Amount requested in 2011 to provide full-year costs of 2009 pay increase			
A general pay raise of 2.1% is assumed to be effective January 1, 2011			
Total cost of 2011 of pay increase	2,451,000		
Payment to Working Capital Fund	180,000		
	2,631,000		
Full year cost in 2011 of positions financed for part of year in 2010.....		10	882
An increase of \$886,511 is required to fund full year cost in 2011 of positions financed for part-year in 2010. The computation follows:			
Annual salary of new positions in 2010	30	2,021,308	
Less 5 percent Lapse	(1)	(101,066)	
	29	1,920,242	
Full year cost of personnel compensation			
Less personnel compensation in 2010	(19)	(1,291,952)	
	10	628,290	
Cost of personnel compensation in 2011			
Adjustment for 2011 pay raise		6,597	
	10	634,887	
Additional amount required for personnel compensation			
Benefits		247,041	
	10	881,928	
Total Adjustment to Base for positions financed in 2010			

	<u>FTE</u>	<u>Amount</u>
Implementation of Foreign Service Overseas Pay Equity Act of 2009		4,048
<p>The Foreign Service Overseas Pay Act of 2009 requires all Foreign Service Officers (FSOs) designated class 1 or below and whose office duty station is neither in the continental U.S. nor in a non-foreign area receive a locality-based comparability payment equal to the locality-based provided to General Schedule employees stationed in Washington DC. This locality payment is currently 23.1%.</p>		
Current annual salary of FSO Positions funded in FY 2010 President's Budget	15,953,500	
Adjustment for 2011 pay raise	223,349	
Total Salary for FY 2011	16,176,849	
Calculation of Locality Adjustment 23.1%	3,736,852	
Adjustment for 77% of FSO positions in foreign posts	2,877,376	
Benefits	<u>1,170,516</u>	
Total Adjustment to Base for Implementation of Foreign Service Overseas Pay Equity Act	4,047,892	
Civil Service Retirement System (CSRS)		(211)
<p>Positions become vacant and are filled by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for employees covered by CSRS will drop from 14.0% in 2010 to 12.2% in 2011 for regular employees and foreign service employees will be 10.0% to 7.70%. Contribution rates will remain at 7.00% for regular employees and 7.25% for foreign service employees.</p>		
Regular:		
2011 \$137,568,500 x .122 x .0700	1,174,835	
2010 \$137,568,500 x .140 x .0700	<u>1,348,171</u>	
Subtotal	(173,336)	
Foreign Service:		
2011 \$22,420,500 x .077 x .0725	125,162	
2010 \$22,420,500 x .100 x .0725	<u>162,549</u>	
Subtotal	<u>(37,386)</u>	
Total adjustment-to-base	<u>(210,722)</u>	

Federal Employees Retirement System (FERS).....

1,005

The number of employees covered by FERS continues to rise as employees covered by CSRS leave and are replaced by employees covered by FERS. The estimated percentage of payroll for employees covered by FERS will rise from 86.0% in 2010 to 87.8% in 2011 for regular and from 90.0% to 92.3% for foreign service employees. The contribution rate will increase from 11.2% to 11.7% in 2011 for regular employees, and remain the same at 24.03% for foreign service employees.

Regular:		
2011	\$137,568,500 x .878 x .117	14,131,862
2010	\$137,568,500 x .860 x .112	13,250,598
Subtotal		881,264
Foreign Service:		
2011	\$22,420,500 x .923 x .2403	4,972,797
2010	\$22,420,500 x .900 x .2403	4,848,882
Subtotal		123,915
Total adjustment-to-base		<u>1,005,179</u>

Thrift Savings Plan (TSP).....

60

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

Regular:		
2011	\$137,568,500 x .878 x .02	2,415,703
2010	\$137,568,500 x .860 x .02	2,366,178
Subtotal		49,525
Foreign Service:		
2011	\$22,420,500 x .923 x .02	413,882
2010	\$22,420,500 x .900 x .02	403,569
Subtotal		10,313
Total adjustment-to-base		<u>59,838</u>

	<u>FTE</u>	<u>Amount</u>
Federal Insurance Contribution Act (FICA).....		198
As the percentage of payroll covered by FERS rises, the cost of Old Age Survivor and Disability Insurance (OASDI) contributions will increase. In addition, the maximum salary subject to OASDI tax will increase from \$110,400 in 2010 to \$114,975 in 2011. The contribution rate will remain 6.2% in 2011.		
Regular:		
2011 \$137,568,500 x .878 x .954 x .062	7,144,200	
2010 \$137,568,500 x .860 x .952 x .062	6,983,065	
Subtotal	161,135	
Foreign Service:		
2011 \$22,420,500 x .923 x .912 x .062	1,170,128	
2010 \$22,420,500 x .900 x .906 x .062	1,133,464	
Subtotal	36,664	
Other Salaries; Regular Salaries		
2011 \$377,000 x .954 x .062	22,299	
2010 \$377,000 x .952 x .062	22,252	
Subtotal	47	
Total adjustment-to-base	197,845	
Health Insurance.....		815
Effective January 2009, this bureau's contribution to Federal employees' health insurance premiums increased by an average rate of 7.1%. Applied against the 2010 estimate of \$11,476,000, the additional amount required is \$814,796.		
Federal Employee's Compensation Act.....		92
The Employee's Compensation Fund bill for the year ending in June 30, 2009 is \$92,000 higher than the bill for the year ending in June 30, 2008. Upon enactment of the 2011 appropriation, ITA will reimburse the Department of Labor pursuant to 5 U.S.C. 8147.		
Travel (Mileage).....		(18)
Effective January 1, 2009 the reimbursable rate for the use of a privately owned automobile decreased from \$0.585 to \$.55 per mile. A rate decrease of 6% was applied to the 2010 estimate of \$294,000 to arrive at a decrease of \$17,640 for 2011.		

	<u>FTE</u>	<u>Amount</u>
Domestic Per Diem The average rate for domestic per diem increased by 3.7%. This percentage was applied to the 2010 estimate of \$ 3,326,000 to arrive at an increase of \$123,062.		123
Foreign Per Diem The average rate for foreign per diem decreased by 7.0%. This percentage was applied to the 2010 estimate of \$3,290,000 to arrive at a decrease of \$230,300.		(230)
Rental Payments to GSA GSA rates are projected to increase 1.4% in 2011. This percentage was applied to the 2010 estimate of \$14,975,000 to arrive at an increase of \$209,650.		210
HCHB Electricity HCHB Electricity costs are projected to increase 15.0% in 2011. This percentage was applied to a 2010 estimate of \$2,325,000 to arrive at an increase of \$348,750.		349
Postage (U.S.P.S.) Effective May 11, 2009, the Governors of the Postal Service approved a rate increase 4.8%. This percentage was applied to the 2010 estimate of \$39,000 to arrive at an increase of \$1,872.		2
General Printing Office (GPO) Printing This request applies OMB economic assumptions for 2011 to areas where the prices that the government pays are established or influenced through the market system. A factor of 0.8% was applied to the 2010 printing estimate of \$1,460,000 to arrive at an increase of \$11,680.		12
Working Capital Fund (WCF) An increase of \$1,222,000 is required to fund cost increases in the Department's Working Capital Fund to maintain current operations.		1,222
Commerce Business System (CBS) An increase of \$51,000 is required to support ITA's continued use of the CBS accounting system.		51
National Archives and Records Administration (NARA) Storage Costs NARA has indicated the cost to administer ITA's records storage will increase from \$22,800 in 2010 to \$29,184 in 2011. The amount required to cover this increase is \$6,384.		6

	<u>FTE</u>	<u>Amount</u>
Capital Security Cost Sharing (CSCS) Program		(2,339)
<p>ITA has 127 offices in 77 countries overseas. The majority of the offices are located in U.S. Consulates and Embassies. The Department of State (DOS) plans to build 150 new embassy compounds over a 14-year period with a total cost of \$17.5 billion. Under the Capital Security Cost Sharing (CSCS) Program, all agencies represented in embassies will be charged on a worldwide per capita basis of \$28,144 per non-controlled access employee. The 2010 estimate is currently \$23,674,000, and the 2011 estimate is \$21,334,819. This results in a decrease of -\$2,339,181.</p>		
International Cooperative Administrative Support Services (ICASS)		1,649
<p>The State Department issued a guidance memorandum on June 11, 2009 to the client agencies instructing them to plan for a 6.7% increase in ICASS billing costs in FY 2011 over what was billed in FY 2010. An increase of 6.7% was applied to the 2010 ICASS estimate of \$24,606,000 to arrive at an increase of \$1,648,602. The Department of State is the primary provider for shared administrative support systems at embassies and other diplomatic and consular missions overseas. The Department of State coordinates the provision of such services and distribution of their costs via the International Common Administrative Support Services (ICASS) system. This increase is required to maintain current level of ICASS support at ITA's existing overseas offices.</p>		
Non International Cooperative Administrative Support Services (ICASS) Local Guard		10
<p>This request applies OMB economic assumptions for 2011 to areas where the prices that the government pays are established through the market system. A rate increase of 0.8 % was applied to the 2010 projected cost of \$1,287,898 to arrive at an increase of \$10,303. This increase is based on ICASS-related guard services cost increase and is driven by requirement for more expensive and increased number of security personnel.</p>		
Military Pouch		6
<p>This request applies OMB economic assumptions for 2011 to areas where the prices that the government pays are established or influenced through the market system. A rate of increase of 0.8% was applied to the 2010 projected cost of \$756,447 to arrive at an increase of \$6,056. The increase is needed for security and anthrax-related devices during pouch mail delivery.</p>		
General Pricing Level Adjustment		219
<p>This request applies OMB economic assumptions for 2011 to sub-object classes where the prices that the Government pays are established through the market system. A factor of 0.8% was applied to: rental payment to others; transportation of things; communications, utilities, and miscellaneous charges (excluding postage); supplies and materials; equipment and other services (excluding DOC's Department of Management (DM) and Working Capital Fund (WCF) Payments).</p>		
	Transportation of things	13
	Rental payment to others	4
	Communications, utilities and misc charge	15
	Other Services	136
	Supplies and materials	12
	Equipment	39
	Total	<u>219</u>

	<u>FTE</u>	<u>Amount</u>
Overseas Price Increases		175
<p>The overseas price increases is based on anticipated overseas price increases in FY 2011 in countries in which ITA conducts operations. The percentage of 0.8% was applied to a base of \$21,903,000 to arrive at an increase of \$175,224.</p>		
Currency Exposure		(1,424)
<p>As the U.S. dollar has gained value when converted to foreign currency, operating costs decrease. As a result of these exchange gains, the cost of base operations has decreased. The currency exposure ATB in FY 2010 of \$1,424,000 is no longer required to maintain the level of current operations.</p>		
Subtotal, other changes	10	4,032
Less: amount absorbed	0	0
Total, Adjustments to Base	<u>10</u>	<u>4,032</u>

**DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
Operations and Administration
SUMMARY PROGRAM INCREASE FOR FY 2011
(Dollar amounts in thousands)**

		FY 2011 Base		FY 2011 Estimate		Increase (Decrease)	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
International Trade	Pos./BA	2,181	\$450,797	2,361	\$529,245	180	\$78,468
Administration	FTE/Obl.	1,891	\$450,797	2,022	\$529,245	131	\$78,468

National Export Initiative (+131 FTE, \$78,468,000): ITA is requesting 131 FTE and \$78.5 million to implement the Agency-wide, comprehensive, multi-year “National Export Initiative” which will expand exports for economic growth and job creation. In addition to the above mentioned 131 FTE, ITA will add the equivalent of 110 Locally Engaged Staff (LES) to its overseas presence.

Statement of Need

More than ever before, our economy is dependent on the global economy. In 2008, America exported an astounding \$1.83 trillion worth of goods and services, and the share of exports in GDP rose to 12.7 percent from 5.3 percent 40 years ago (1968). Also in 2008, exports grew by 11.1 percent compared to just 2.6 percent GDP growth, indicating how important exports were to ensure a positive GDP growth. The recent downturn in the world economy has adversely affected all industry sectors and the volume of U.S. exports. Exports have declined by 16.7 percent between November 2008 and November 2009. Many of our major trading partners have experienced similarly severe economic contractions. In these troubled economic times, ensuring the free flow of goods and services between nations is more important than ever for the economic well-being of the United States and the world.

In this environment, ensuring a steady rate of growth in exports can positively impact domestic job creation. The latest available employment numbers indicate that in 2006 the number of U.S. jobs dependent on manufactured exports was roughly 6 million, representing more than one out of every 20 private sector jobs. Furthermore, since 1998, worker compensation has risen faster in those manufacturing industries whose share of exports has also increased. In addition, nearly half of the jobs supported by manufacturing exports were in the non-manufacturing sectors, such as wholesale and retail trade, and transportation. Services exports – including education, business services, information services, entertainment, international tourism to the United States, and construction and engineering – have also contributed to job creation. For example, recent estimates indicate that international travelers to the United States support roughly 1.1 million domestic jobs. By focusing on exports, the United States not only helps strengthen the long-term health of U.S. industries, but also further stimulates domestic job creation.

Growth in key foreign markets is an important factor in ensuring the business viability of small and medium-sized enterprises (SMEs), which are those companies with fewer than 500 workers. Although the vast majority of U.S. exporters are SMEs, they account for less than one-third of the total value in exports. Furthermore, SMEs face substantial market risks since a majority of those exporting trade with

only one foreign country. Tapping into additional global markets will allow U.S. firms to expand production thereby expanding employment opportunities for U.S. workers. A U.S. export strategy designed to enhance SME exports would therefore help job creation and improve the ability of small businesses to compete in the global marketplace.

Proposed Actions

With its network of trade specialists across the United States, commercial experts in more than 76 countries around the world, and industry and trade policy analysts in the Nation's capital, ITA is positioned to play a pivotal role in helping U.S. firms become more globally competitive, in breaking down the barriers to trade, and in facilitating the expansion of exports by U.S. firms. This "National Export Initiative" offers solutions that concentrate on these key factors and has the potential to make a significant contribution to domestic job creation.

ITA key activities:

- Expand overseas presence (officers and locally engaged staff) of Commercial Service in high growth markets such as China, India, and Brazil, and add officers in Africa, the Middle East, the Caribbean and Eastern Europe¹. This would enhance the global network and allow identification of more export opportunities, counsel exporters more rapidly and provide commercial diplomacy and advocacy service.
- Increase trade compliance attaches overseas to support U.S. exporters who are experiencing impediments from unfair trade (AD/CVD) cases brought against them and/or to remove government imposed non-tariff barriers such as standards or technical barriers and subsidies, and develop and implement anti-corruption programs. Additional funds would be dedicated to the recruitment of Washington-based specialists to provide the necessary policy guidance and analytical input to overseas staff to optimize advocacy and support for U.S. exporters.
- Increase funding for innovative public-private partnerships to promote exports. Enhance public-private partnerships, including expanded outreach to the States and corporate/strategic partners, co-locate with Manufacturing Extension Partnership centers, and provide \$2.0 million for additional Market Development Cooperator Program (MDCP) grants.
- Increase outreach and guidance to SMEs that currently export to one market and are capable of entering more challenging high-growth markets (like China). Launch a new nation-wide export education and awareness campaign, a national series of export conferences, and a program of assistance, outreach and education tailored to SMEs, leveraging Trade Promotion Coordinating Committee (TPCC) Agencies and corporate partners. Expand SME exporters to beyond two or more additional more challenging markets.
- Develop a comprehensive program to identify market opportunities for export-intensive, high-growth industry sectors (e.g. environmental goods and services, renewable energy, health care, bio-tech, etc.) and increase the number and size of various trade event activities to promote these technologies in critical markets, giving U.S. firms more opportunities to make export deals with foreign buyers and distributors.
- Increase the number and size of U.S. government-led trade missions and reverse trade missions to the U.S. focused on critical sectors (e.g. environmental goods, health care, biotechnology, and aviation).

¹ Candidates currently being considered for new overseas offices include: Kabul, Afghanistan; Luanda, Angola; Manama, Bahrain; Maputo, Mozambique; Phnom-Penh, Cambodia; Xiamen, China; Vientiane, Laos; Ulaanbaatar, Mongolia; Baku, Azerbaijan; Nicosia, Cyprus; Tbilisi, Georgia; Bishkek, Kyrgyzstan; Vilnius, Lithuania; Ljubljana, Slovenia; Lyon, France; Hamburg, Germany; Amsterdam, Netherlands; Barcelona, Spain; Havana, Cuba; Kingston, Jamaica; Managua, Nicaragua; and, Port of Spain, Trinidad & Tobago.

Recruit Reverse Trade Missions bringing potential foreign buyers to U.S. companies, focused on 10 sectors (6 manufacturing and 4 services). Increase the number of foreign buyers to US trade shows. This includes hiring Locally Engaged Staff (LES) or contractors to recruit/lead delegations and domestic staff to get the right "matchmaking" clients.

- Increase capacity of Trade Information Center to handle exporter inquiries. Increase technology and communication infrastructure/tools which includes new sites domestically and internationally (e.g. Client Tracking system, Trusted Internet Connection (TIC), on-line tool kits for SMEs, virtual trade information center, Web 2.0, redesign of Export.gov, Webcast and Videos).
- Strengthen partnerships with large supply-chain companies, to increase the focus of U.S. firms on exporting and to make information and exporting tools more readily available to second and third tier suppliers.
- Implement an export promotion plan targeted at top services sectors in export value (e.g. travel and tourism industry, construction services, etc.). Identify high growth foreign markets for these sectors, address market barriers and track successes. Provide a benchmark of state-level services trade data to better understand the importance of services to the U.S. economy.

ITA-Wide Performance Goal Supported: This initiative supports all of ITA’s performance goals.

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Cost and Benefits: (Dollars in Thousands)					
Direct Obligations:					
Uncapitalized	\$78,468	\$78,468	\$78,468	\$78,468	\$78,468
Capitalized	0	0	0	0	0
Budget Authority	\$78,468	\$78,468	\$78,468	\$78,468	\$78,468
Outlays	\$54,928	\$70,621	\$78,468	\$78,468	\$78,468
FTE	131	172	172	172	172

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Department of Commerce
International Trade Administration
Operations and Administration
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

Activity: International Trade Administration
Subactivity: Manufacturing and Services

<u>Performance Goal</u>		2009		2010		2011		2011		Increase/ (Decrease)	
		Actual		Currently Available		Base		Estimate		Personnel	Amount
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Strengthen U.S. Competitiveness in the Global Marketplace	Pos./BA	242	48,592	242	49,530	242	50,765	261	55,885	19	5,120
	FTE/Obl.	199	49,152	209	49,530	209	50,765	223	55,885	14	5,120
Total	Pos./BA	242	48,592	242	49,530	242	50,765	261	55,885	19	5,120
	FTE/Obl.	199	49,152	209	49,530	209	50,765	223	55,885	14	5,120

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