



Highlights of [GAO-10-310T](#), a testimony to the Subcommittee on International Trade, Customs, and Global Competitiveness, Committee on Finance, U.S. Senate

Why GAO Did This Study

As Congress considers policies to bolster the recovery of the U.S. economy, it must consider the full range of tools available to stimulate growth and create new jobs, including promoting exports. According to the Department of Commerce, U.S. exports of manufactured goods totaled \$1.8 trillion in 2008—accounting for approximately 13 percent of the U.S. Gross Domestic Product. GAO's testimony addresses the benefits of exports and provides updated information on U.S. export promotion efforts. It also includes initial observations about foreign export promotion activities. The observations about U.S. export promotion efforts are based on a variety of reports and testimonies GAO has issued on international trade over the past 4 years. Observations about foreign export promotion practices are based on a preliminary review of several key expert studies.

What GAO Recommends

Based on reports from 2006 to 2009, GAO has made a number of recommendations to improve various U.S. export promotion activities.

View [GAO-10-310T](#) or [key components](#). For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

INTERNATIONAL TRADE

Observations on U.S. and Foreign Countries' Export Promotion Activities

What GAO Found

Exports, and trade more broadly, contribute to the U.S. economy in a variety of ways. Trade enables the United States to achieve a higher standard of living through producing and exporting goods and services that are produced here relatively efficiently, and importing goods and services that are produced here relatively inefficiently.

Rationales for export promotion programs include macroeconomic considerations such as job creation and economic growth. Others are based on microeconomic considerations such as “market failures,” for example where imperfect information prevents markets from generating the most efficient outcome. Rationales also exist for export programs based on achieving broader trade policy objectives, such as helping U.S. exporters overcome foreign trade barriers that make it difficult for U.S. products to penetrate foreign markets. However, measuring the effectiveness of export promotion activities is difficult. For example, quantifying the growth in exports is complicated by the fact that other factors, such as government policies and firm-specific conditions, also determine growth.

Export promotion efforts in the United States are guided by the National Export Strategy. According to the strategy, 20 agencies are part of the Trade Promotion Coordinating Committee (TPCC), of which 9 of the agencies have budgets for programs or activities related to export promotion, with the Departments of Commerce, Agriculture, and State actively engaged in export promotion overseas. Agency export promotion activities include providing basic export counseling; assisting with collecting and providing data on foreign markets; and advising firms on how to best market their products overseas.

While GAO has not recently performed an in-depth comparison of U.S. and foreign export promotion activities, the findings and recommendations in our past reviews of U.S. agencies are consistent with expert studies looking at export promotion practices in other countries. Specifically, GAO has identified elements of U.S. export promotion activities that warrant attention: (1) coordination; (2) targeted services for small and medium enterprises and other priorities; (3) performance monitoring; and (4) partnerships and methodologies for setting user fees. The expert studies GAO reviewed echo the importance of each of these elements with regard to the activities of foreign export promotion agencies and may be informative for policy discussions about U.S. export promotion activities.