

June 1996

International Relations
and Trade Issue Area Plan
Fiscal Years 1996-98



Foreword

As the investigative arm of Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose waste, fraud, abuse, and mismanagement in federal programs; help Congress target budget reductions; assess financial information management; and alert Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases or creates its own when information is unavailable elsewhere.

To ensure that GAO's resources are directed toward the most important issues facing Congress, each of GAO's 32 issue areas develops a strategic plan that describes the significance of the issues it addresses, its objectives, and the focus of its work. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

The International Relations and Trade issue area covers the Department of State, the U.S. Agency for International Development, the U.S. Information Agency, the Arms Control and Disarmament Agency, the Export-Import Bank of the United States, the Office of the U.S. Trade Representative, the U.S. International Trade Commission, the U.S. Trade and Development Agency, the Foreign Agricultural Service of the Department of Agriculture, and the International Trade Administration of the Department of Commerce.

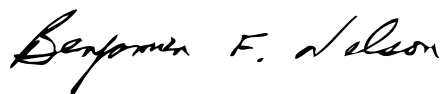
The costs and effectiveness of foreign affairs and trade activities are being closely scrutinized. Our work in this area seeks to assess the extent to which the U.S. government makes the best use of its resources to promote and protect U.S. international interests. Our work focuses on

- the structure, functions, and budgets of the foreign affairs and trade agencies;
- the effectiveness and management of bilateral U.S. government programs;
- U.S. participation in multilateral institutions and agreements;
- U.S. arms control and nonproliferation programs and agreements designed to address the threats posed by the spread of dangerous weapons; and
- management of various U.S. government foreign affairs and trade programs in selected critical geographic regions.

Foreword

In the pages that follow, we describe our key planned work on these important issues.

Because events may significantly affect even the best of plans, our process allows for updating the plan and provides the flexibility to respond quickly to emerging issues. If you have any questions or suggestions about this plan, please call me at (202) 512-4128.



Benjamin F. Nelson
Director
International Relations and Trade Issues

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Table I: Key Issues

Issue	Significance
Structures, functions, and budgets: How do U.S. structures for conducting international relations and trade need to be adjusted to reflect post-Cold War needs and fiscal realities?	Various proposals have been advanced to reevaluate the roles and functions of the foreign affairs and trade agencies, in order to accomplish government streamlining in this era of fiscal constraints. Opportunities for agency restructuring, management reform, and elimination of non-essential functions need to be identified and examined in order to contribute to congressional debate.
Program management and effectiveness: Are bilateral programs and agreements designed to advance U.S. political and economic interests effective and are they managed efficiently?	Over 15 different U.S. government organizations collectively spend about \$10 billion annually on aid, trade, and counternarcotics programs designed to promote and protect U.S. economic and political interests overseas. Numerous budgetary, management, coordination, and foreign competitor issues need to be addressed to ensure that federal expenditures are effective and efficient.
Participation in multilateral institutions: How are U.S. interests served through participation in multilateral institutions and agreements?	Multilateral institutions such as the United Nations, World Bank, World Trade Organization, North American Free Trade Agreement (NAFTA), and NATO have become major key foreign policy instruments for promoting democracy, free market economies, open trading systems, and world stability. At the same time, Congress has raised questions about these institutions' relevance, effectiveness, and \$4-billion annual cost. Objective analysis is needed to help identify how multilateral instruments and alternatives can best advance U.S. interests at least cost.
Promoting U.S. security: How are U.S. security-related programs and international agreements addressing the threats posed by the proliferation of dangerous weapons?	Stemming the spread of dangerous weapons and technologies remains a critical objective of U.S. national security policy, given the collapse of the Soviet bloc and ongoing concerns about potential trouble spots such as North Korea, China, and Iran. Contributing to the success of U.S. arms control programs, which cost over \$2 billion a year, should over the long term reduce future defense costs and increase U.S. security.
Critical geographic regions: How has the U.S. government focused its programs and activities to advance U.S. interests in critical geographic regions?	U.S. interests in certain geographic areas are wide-ranging, complex, and sometimes competing, and various U.S. agencies can be active in these regions. Identifying what foreign policy programs are available and how they are being used and coordinated will contribute to the improved management of U.S. foreign affairs capabilities.

Table I: Key Issues

Objectives	Focus of work
<ul style="list-style-type: none"> • Determine the compatibility of foreign affairs agencies' functions and roles with priorities, budget constraints, and capabilities. • Identify ways to improve management of agency resources and cut costs. • Assess progress of and savings from reform efforts at foreign affairs agencies and the advantages, disadvantages, and cost implications of proposals to reorganize the foreign affairs apparatus. 	<ul style="list-style-type: none"> • Proposals to reorganize the foreign affairs agencies • Agencies' efforts to streamline and downsize operations to accommodate budget cuts • Affordability of foreign affairs and trade functions
<ul style="list-style-type: none"> • Evaluate the impact of specific U.S. bilateral programs and agreements on political, economic, and security interests. • Identify management improvements, legislative changes, and regulatory reforms that would improve the impact of U.S. programs and produce budgetary savings. • Assess the cost, impact, and implementation status of key U.S. foreign policy and trade initiatives as well impediments experienced in their implementation. 	<ul style="list-style-type: none"> • Large, highly visible, or controversial country assistance programs • U.S. assistance programs' contributions to U.S. economic interests • Management and operation of U.S. government export assistance programs • Foreign competitor programs and activities
<ul style="list-style-type: none"> • Determine the direct and indirect costs of U.S. participation. • Analyze the extent to which U.S. participation in these institutions and agreements advances U.S. interests. • Assess alternatives to current U.S. participation and opportunities for improved efficiencies and cost-cutting. • Determine progress in implementing trade agreements and tools to promote international stability. 	<ul style="list-style-type: none"> • Effectiveness and efficiency of multilateral institutions, agreements, and options • Opportunities to cut costs and enhance effectiveness through management reform, elimination of duplication, and integration of international affairs and foreign economic policy tools
<ul style="list-style-type: none"> • Assess the impact of U.S. assistance to the former Soviet Union in reducing weapons of mass destruction. • Identify and assess new U.S. strategies to stem the proliferation of weapons of mass destruction. • Assess how efforts to expand multilateral security arrangements are accomplishing U.S. security goals. 	<ul style="list-style-type: none"> • Progress in reducing stockpiles of weapons of mass destruction • Costs and justifications of counterproliferation efforts • Costs of implementing arms control regimes • NATO enlargement
<ul style="list-style-type: none"> • Identify factors affecting the U.S. government's use of a variety of foreign policy programs in a critical region. • Identify ways to improve governmentwide strategic planning, budgeting, and coordination of various U.S. programs. • Identify U.S. commitments/agreements and supporting resources 	<ul style="list-style-type: none"> • U.S. policies, programs, and agreements with Asia • Progress in the former Soviet Union • U.S. commitments in the Middle East

Table II: Planned Major Work

Issue	Planned major job starts
Structures, functions, and budgets	<ul style="list-style-type: none"> • Roles, functions, and streamlining of the State Department and U.S. Information Agency^a • Impact of consolidating foreign affairs activities and functions • Rationalizing USAID's development strategies with current resource levels • Trade structures and mechanisms
Program management and effectiveness	<ul style="list-style-type: none"> • Japan's compliance with bilateral agreements on financial services^a • Export-Import Bank reauthorization issues • Results of U.S. trade missions overseas • Enforcement of U.S. trade laws • Effectiveness of U.S. counternarcotics efforts^a • Assessment of major USAID programs • Diplomatic security costs and implications • Comparative analysis of agricultural export credit guarantee programs • Impact of reducing domestic farm payments on U.S. agricultural trade and export programs^b
Participation in multilateral institutions	<ul style="list-style-type: none"> • World Trade Organization implementation issues • NAFTA impact and operation • U.S. participation in U.N. specialized agencies^a • Nation building and peace in Bosnia^a • Duplication and effectiveness of the U.N. system
Promoting U.S. security	<ul style="list-style-type: none"> • Cooperative Threat Reduction Program • Defense Department Counterproliferation Efforts • Costs of specific arms control efforts • Chinese proliferation activities • U.S./Japan/ S. Korea/ N. Korea "Agreed Framework"
Critical geographic regions	<ul style="list-style-type: none"> • Critical issues in U.S.-Asia relationships • Costs and implications of U.S. commitments in the Middle East

^aOngoing assignments

^bTo be done in coordination with GAO's Resources, Community, and Economic Development Division

Table III: GAO Contacts

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