

Trade Policy Update

As you may know, the NADEC established an Advisory Board comprised of distinguished former NADEC Chairs, diplomats, commercial officers, and former NADEC Directors (<https://www.usaexporter.org/advisory-board/>). The purpose of this new team is to serve as senior advisors to the NADEC Board of Directors. Last year our Advisory Board worked very hard to create a fresh approach to the Congressional funding of the U.S. Commercial Service, both foreign and domestic, in the form of a formal document entitled, “Framework Paper” which is available for your review here (<https://www.usaexporter.org/wp-content/uploads/2022/01/NADEC-Framework-Paper.pdf>). This Framework Paper addresses the urgent need for Congress to provide significant additional funding for the Commercial Service in order to restore vacant positions and increase the essential boots on the ground to provide better coverage and assistance to U.S. exporters. We urge you to take the time review this extraordinary work by our Advisory Board. When you do that, you will notice that the Framework Paper lays out an important, practical vision for substantially upgrading the Commercial Service.

The exporting world that we all operate in now is quite different than even just last year or even a few months ago. The private sector is faced with radically changing risk analyses for business operations overseas, export market controls and tariff shifts, and the scrambling of geopolitical alignments. Added to these challenges are the heightened competitiveness factors that our members face in certain markets, particularly those where they in competition with major Chinese entities. If all of that were not enough, we are now faced with a further layer of complexities arising from the Ukraine war and the fallout from the massive, global sanctions regimes against Russia and even further supply chain interruptions.

Our Advisory Board has been creative and prescient with its Framework Paper—our U.S. Commercial Service desperately needs to be funded at more substantial levels and its mission reinforced. There is, in addition, one more piece that is important. This is the national security component of both the U.S. Commercial Service and the Commerce Department. In that connection, we encourage you to also review an important piece entitled, “*The Neglected Agency at the Center of Biden’s China Strategy*,” which appeared in *Politico* last Fall (October 21, 2021). You can access the full article here (<https://www.politico.com/news/magazine/2021/10/05/biden-china-strategy-commerce-department-515134>). When this piece was written, it focused on the national security tasks for Commerce with China in mind. The war in Ukraine now underscores the critical need to acknowledge the Commerce Department’s growing importance and to provide the money, talent, and authorities to enable it to meet its (now) enhanced mission requirements. Among the interesting points made in this *Politico* piece are:

- (1) Both the White House and Congress need to do much more to boost the resources of Commerce to match its expanded mission;¹

¹ This ties in directly with our Advisory Board’s Framework Paper linked in the text above.

(2) Congress needs to create new incentives for talent recruitment, establishing special hiring authorities and offering incentive pay for skilled talent; and,

(3) The Commerce Department needs to be designated a member of the U.S. intelligence community.

We have seen over the course of history that where Federal agencies, like Commerce, had a mission to fit the impending threat, but agency's actual capabilities fell short, that our government has taken the necessary steps to fund, adapt, restructure and even create departments or agencies.

It is apparent that a key tool that the United States, along with many other countries, is using in the defense of Ukraine is one of economic warfare. That form of non-kinetic warfare requires Commerce as an essential, but under-resourced player. This situation needs to be corrected in short order. That is why our Advisory Board's Framework Paper is so important. It is a significant step in getting the Commerce Department and the U.S. Commercial Service to a more robust capability status—both to serve the needs of the private sector as well as our national security.