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U.S. DEPARTMENT OF COMMERCE

# BRIEFING HANDBOOK



DOMESTIC AND INTERNATIONAL  
BUSINESS ADMINISTRATION



## Assistant Secretary for Domestic and International Business

L. S. Matthews

### Introduction

The Assistant Secretary of Commerce for Domestic and International Business serves as the principal adviser to the Secretary on all domestic and international aspects of the Department's responsibilities to promote progressive business policies and growth and to strengthen the international economic position of the United States. He directs programs involving: industry, trade, defense production and industrial preparedness of domestic industry, export administration, U.S. energy resources, and related economic matters.

The Assistant Secretary coordinates the Department's domestic and international business activities with other agencies of the Government. He represents the Department or serves as alternate to the Secretary on major interagency committees.


### Mission

The Assistant Secretary for Domestic and International Business:

- o fosters the economic development of U.S. business through analysis of world industry data, delivery of technical information, and follow-through on legislated programs.
- o promotes the U.S. foreign export trade and assists U.S. business operations overseas.
- o addresses the entire issue of imports, assisting industries which experience difficulties from international competition and disrupted U.S. markets.
- o aids in the development of export markets for U.S. production.
- o conducts the Department's industrial energy programs, including conservation and energy utilization.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 1976	\$62,617,000	1904
FY 1977	\$57,524,000	1639
FY 1978	\$57,861,000	1652



Domestic and International Business Administration

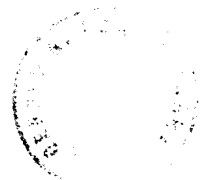
L. S. Matthews, Assistant Secretary

The Domestic and International Business Administration (DIBA) was established in November 1972. The staff of this organization has responsibility for programs designed to: (1) improve the U.S. competitive trading position, (2) facilitate U.S. business operations worldwide, (3) monitor and protect vital U.S. energy resources, and (4) develop new markets for U.S. goods. The Assistant Secretary for Domestic and International Business heads DIBA and reports directly to the Secretary.

There are five program elements within DIBA:

- Bureau of International Commerce
- Bureau of Domestic Commerce
- Bureau of Resources and Trade Assistance
- Bureau of East-West Trade
- Office of Energy Programs

A statement of activities of these elements is found on the following pages.





Major Legal Authorities and Delegations  
Directly Applicable to Programs of the  
Domestic and International Business Administration

Basic Statutory Authority: The organic statutory authority for the Department is found at 15 U.S.C. 171 et seq., as amended, and 15 U.S.C. 1512 et seq., as amended. The Department has the responsibility to ".... foster, promote, and develop the foreign and domestic commerce.... of the United States...."


Textile Program: Executive Order 11651 of 1972 delegates authority regarding Textile Trade Agreements. Under the Agriculture Act of 1956, as amended, the President is authorized to negotiate international agreements limiting the exports of agricultural commodities or products thereof and textiles or textile products from foreign countries to the United States, 7 U.S.C. 1854. The Arrangement Regarding International Trade and Textiles was negotiated pursuant to this authority. The United States is bringing its 27 textile and apparel agreements into conformity with the new Arrangement Regarding International Trade and Textiles.

Executive Order 11651 established the Committee for the Implementation of Textile Agreements (CITA), consisting of representatives of the Departments of State, the Treasury, Commerce, Labor and a non-voting representative from the Office of the Special Trade Representative. The Deputy Assistant Secretary for Resources and Trade Assistance is Chairman of CITA. CITA is responsible for the implementation of all textile trade agreements.

Industrial Mobilization:

(a) Priorities and Allocations of Materials for Defense Purposes

The Defense Production Act of 1950, as amended, 50 U.S.C. App. 2061 et seq., authorizes the President to perform certain functions relating to the administration of priorities and allocations of materials and services needed for defense. By Executive Order 10480, as implemented by Defense Mobilization Order 8400.1, and Executive Order 11912 the President delegated the responsibility to Commerce to administer the functions under the Act with respect to all materials and facilities other than (i) food and the domestic distribution of farm equipment and commercial fertilizers, and (ii) domestic transportation, storage and port facilities except air transport, coastwise, intercoastal and overseas shipping.



(b) Other Defense Responsibilities

The National Security Act of 1947, 50 U.S.C. 401 et seq., as amended, directs the Federal Preparedness Agency to advise the President concerning the coordination of military, industrial, and civilian mobilization. Executive Order 11490 directs Commerce to develop national emergency preparedness plans and programs in certain areas including production functions and the regulation and control of exports and imports, under the jurisdiction of the Department, in support of national security, foreign policy, and economic stabilization objectives.

Under the Strategic and Critical Materials Stock Piling Act, 50 U.S.C. 98h, Commerce cooperates with the Federal Preparedness Agency in determining materials which are strategic and critical and the quality and quantity of same to be acquired. Under Executive Order 10421 the President directs Commerce to ". . . establish . . . security ratings of facilities, based on the relative importance thereof to defense mobilization, defense production and essential civilian economy."

Executive Order 11179, as amended by Executive Order 11725, authorizes the establishment and training of a National Defense Executive Reserve.

Foreign Excess Property: Section 512 of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 471 et seq., provides that surplus property sold abroad may not be imported into the U.S. unless Commerce (with respect to all property other than agricultural commodities) determines that such importation will alleviate domestic shortage or otherwise be beneficial to the U.S. economy.

Watch Quotas for Insular Possessions: Public Law 89-805, which limits the number of watches and watch movements that may be imported duty-free from U.S. Insular Possessions (Virgin Islands, Guam and American Samoa) vests the Departments of Commerce and the Interior with joint responsibility for allocating territorial quotas among individual producers.

"E" Award Program: Under Executive Order 10978 the Department administers the President's "E" Award, "E" Certificate of Service and "E" Star Award program.

Florence Agreement: The Educational, Scientific, and Cultural Materials Importation Act of 1966, 19 U.S.C. 1202, authorizes the duty-free entry of scientific instruments by non-profit institutions, established for educational or scientific purposes, conditioned upon the determination of the Secretary of Commerce that an instrument of equivalent value, for the intended purposes, is not manufactured in the U.S.



Certification of Motor-Vehicle Manufacturers: Under the Automotive Products Trade Act of 1965, 19 U.S.C. 2031 et seq., the Department certifies firms as bona-fide motor-vehicle manufacturers, and maintains a list thereof, for the purpose of establishing eligibility of persons to obtain duty-free importation of certain Canadian articles.

Export Control: Under the authority of the Export Administration Act of 1969, 50 U.S.C. 2401 et seq., as amended, the Department administers U.S. export policies regarding national security, foreign policy and short supply.

Trade with Southern Rhodesia: Pursuant to Executive Order 11322, as amended by Executive Order 11419, the Department has issued regulations relating to the exportation from the U.S. of commodities or technical data to or on behalf of Southern Rhodesia.

Foreign Assistance-Investment Opportunities: By Section 302 of Executive Order 10973, the President delegated to the Department responsibility for implementing Section 2351(b) (1) of the Foreign Assistance Act of 1961, 22 U.S.C. 2151 et seq., as amended, that is to ". . . draw the attention of private enterprise to opportunities for investment and development in less-developed friendly countries, and areas . . . ."

Federal Water Pollution Control Act Amendments of 1972: Section 6 of the Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500, 86 Stat. 816, 33 U.S.C. 1251) requires the preparation of an annual report from the Secretary of Commerce to the President and to the Congress on the effects of pollution abatement on international trade.

Trade Missions: The President is authorized to provide for U.S. participation in trade missions abroad by the Mutual Educational and Cultural Exchange Act of 1961, 22 U.S.C. 2451 et seq., as amended. By Executive Order 11034, as amended by Executive Order 11380, the President assigned this function to the United States Information Agency (USIA). On June 25, 1962, the Director of USIA redelegated this responsibility to the Department under authority of Section 5(e) of Executive Order 11034.

China Trade Act: The China Trade Act of 1922, as amended, 15 U.S.C. 141 et seq., provides tax incentives for companies engaged in promoting sale of U.S. goods in China (i.e., Hong Kong and Taiwan) and directs the Secretary of Commerce to carry out the purposes of the Act and to supervise the Registrar of the China Trade Act corporations.



## Historical Outline

The functions performed by Domestic and International Business Administration date from the establishment of the Department of Commerce and Labor in 1903. Two original bureaus of that Department, the Bureau of Statistics and the Bureau of Manufactures were the forerunners of the Bureau of Foreign and Domestic Commerce.

The Bureau of Foreign and Domestic Commerce was established in 1912 to "foster, promote, and develop the various manufacturing industries of the United States, and markets for the same at home and abroad, by gathering, compiling, publishing and supplying all available and useful information concerning such industries and such markets and by such other methods as prescribed by the Secretary of Commerce or by law." During World War I the Bureau served as a national center for economic information and statistics of resources, transportation and trade of foreign countries.

In 1922 the functions of the Bureau were expanded to bring the Department to a closer relationship with American business and the Bureau grew greatly during the twenties. However, during the thirties, functions were reevaluated in the light of depression causing a reduction in the Bureau's size and functions. During this period, the Bureau served mainly as an economic research agency to assist the new recovery agencies.

The next major reorganization of Foreign and Domestic Commerce came in 1941 when, as a result of the war effort, the Bureau was reorganized around a program of foreign and domestic requirements for defense and export controls. The Bureau was a major supplier of data to war emergency agencies.

Immediately following World War II, general program emphasis was placed on promotion of foreign trade, service to American business, and strengthening of the statistical and analytical programs to provide information to the Government and business.

In 1951, an Assistant Secretary for Domestic Affairs and an Assistant Secretary for International Affairs replaced an Assistant Secretary for Foreign and Domestic Commerce thus splitting the functions into separate organizations. Early in the fifties emphasis was on the National Production Agency, the Korean emergency production agency. After the Korean Emergency, the program emphasis of the Assistant Secretary for Domestic Affairs returned to the Department's statutory responsibility to foster the domestic commerce. Organization units supervised by the Assistant Secretary included the Office of Business Economics and the Census Bureau. Emphasis in the international commerce area continued on the promotion of foreign trade and commerce.

In 1962, the domestic and international commerce areas of the Department were combined under the Assistant Secretary for Domestic and International Business to provide under one authority, the entire range of services available to business. The Assistant Secretary supervised the Bureau of International Commerce, the Business and Defense Services Administration, the Office of Field Services and the Office of Foreign Commercial Services.

The organization remained essentially the same until November, 1972 when the Domestic and International Business Administration was established as a single primary operating unit under the Assistant Secretary for Domestic and International Business. The various business-related organizations were consolidated to (1) develop a vigorous export expansion program, (2) revitalize our efforts to achieve a more competitive position in world markets, (3) develop a new program directed toward the Nation's growing energy crisis, and (4) stimulate increased East-West commercial contact.

In November of 1973, a realignment of DIBA functions transferred all international policy, research and analysis functions into a single organization reporting to the Deputy Assistant Secretary for International Economic Policy and Research. Other principal operating units of DIBA are the Bureau of International Commerce, the Bureau of Resources and Trade Assistance, the Bureau of Domestic Commerce and the Bureau of East-West Trade.

In 1975: the Office of Energy Programs was transferred from DIBA to the Office of the Secretary; the position of Deputy Assistant Secretary for Field Operations was established, and International Economic Policy and Research was given bureau status because of its line functions.

In June 1976, the Bureau of International Economic Policy and Research was transferred from DIBA to the Assistant Secretary for Policy, and the Operating Programs of the Office of Energy Programs and Policy were transferred from the Assistant Secretary for Policy to the Office of Energy Programs, DIBA.



United States of America DEPARTMENT OF COMMERCE	DEPARTMENT ORGANIZATION ORDER <u>40-1</u>	
DEPARTMENT ORGANIZATION ORDER SERIES	DATE OF ISSUANCE  October 13, 1976	EFFECTIVE DATE  October 13, 1976
SUBJECT  DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION		
<p><u>SECTION 1. PURPOSE.</u></p> <p>.01 This order prescribes the organization and assignment of functions within the Domestic and International Business Administration (DIBA). Department Organization Order 10-3 prescribes the functions of DIBA and the scope of authority of the Assistant Secretary for Domestic and International Business.</p> <p>.02 This revision incorporates the provisions of a prior amendment (paragraph 7.04), reflects the transfer of certain functions of the Office of Energy Policy and Programs from the Assistant Secretary for Policy to DIBA (paragraph 3.03), the transfer of the Bureau of International Economic Policy and Research and certain international commodities functions of the Office of Import Programs, Bureau of Resources and Trade Assistance from DIBA to the Assistant Secretary for Policy.</p> <p><u>SECTION 2. ORGANIZATION AND STRUCTURE.</u></p> <p>The principal organization structure and line of authority of DIBA shall be as depicted in the attached organization chart (Exhibit 1).</p> <p><u>SECTION 3. OFFICE OF THE ASSISTANT SECRETARY FOR DOMESTIC AND INTERNATIONAL BUSINESS.</u></p> <p>.01 The <u>Assistant Secretary for Domestic and International Business</u> determines policy, directs the programs and is responsible for all activities of DIBA.</p> <p>.02 The <u>Deputy Assistant Secretary for Domestic and International Business</u> shall perform such duties as the Assistant Secretary shall assign; shall carry out the Assistant Secretary's responsibilities in connection with the Defense Production Act of 1950 as amended and extended; shall be the principal assistant and advisor to the Assistant Secretary on public affairs, and administrative matters; shall direct the activities of the Office of Public Affairs and the Directorate of Administrative Management; and shall assume the duties of the Assistant Secretary during the latter's absence.</p> <p>.03 The <u>Office of Energy Programs</u> shall be headed by a Director, who shall be responsible for the Department's industrial energy programs, including conservation and energy utilization;</p>		

provide data, technical and policy analysis support to the Office of Energy and Strategic Resource Policy under the Assistant Secretary for Policy; be the principal DIBA point of contact for the development of energy policy and program options and provide, within DIBA, policy and program guidance for energy and energy-related commodities found to be in short supply; serve as a point of contact for and monitor the oil, gas, coal, electric power and other energy industries, including maintaining and analyzing current and projected import/export and supply/demand balances; provide appropriate staff support and/or departmental representation, within guidance provided by the Office of Energy and Strategic Resource Policy, on energy-related task forces and committees established to examine specific energy policy issues and problems pertinent to the U.S. business community; provide the Executive Director and staff support for the National Industrial Energy Council (NIEC); establish and maintain liaison with key energy intensive industries and trade associations to implement programs for optimum use of energy resources; and serve as a point of contact on technological transfer connected with effective energy management programs.

#### SECTION 4. STAFF OFFICES.

.01 The Office of Public Affairs shall advise DIBA officials and organizational elements on all public affairs and information service matters; provide centralized information services for DIBA; conduct and be responsible for all DIBA publications programs, consonant with the provisions of Department Organization Order 20-9, "Office of Publications"; provide speech writing and scheduling services for DIBA; and maintain liaison for DIBA with the Departmental Office of Publications, the Departmental Office of Communications, and the news and trade media consonant with the provisions of Department Organization Order 15-3, "Office of Communications."

.02 The Directorate of Administrative Management shall provide administrative management services for all DIBA organizational components. The functions of the Directorate shall be carried out through the principal organizational elements as prescribed below:

a. The Office of Personnel shall develop and administer personnel management programs including recruitment, placement, employee development, classification, labor-management relations, equal employment opportunity, and employee relations and provide liaison with the Departmental Office of Personnel.

b. The Office of Management and Systems shall provide management, organization and systems analysis, including management studies and surveys and organizational planning studies; conduct a position management program; coordinate ADP systems development and the DIBA program management information system; perform the committee management, directives management, records disposition management, forms management, files management, and reports management functions for DIBA; coordinate GAO

and Departmental audits within DIBA; coordinate DIBA activity under the Freedom of Information Act and the Privacy Act of 1974; and provide liaison with the Departmental Office of Organization and Management Systems.

c. The Office of Administrative Support shall provide administrative and support services including personnel, physical and document security, safety, correspondence control, and space management; shall provide procurement liaison; and shall coordinate and process communications between the Department of Commerce and posts abroad, consistent with any administrative agreements between the Assistant Secretary for Domestic and International Business and the Assistant Secretary for Administration.

d. The Office of Budget shall develop the DIBA program structure and program memorandum; assess program effectiveness; formulate, present, and execute the budget for DIBA; effect financial and budgetary controls; prepare budget reports; and provide liaison with the Departmental Office of Budget and Program Analysis.

#### SECTION 5. BUREAU OF INTERNATIONAL COMMERCE (BIC).

The Deputy Assistant Secretary for International Commerce shall assist and advise the Assistant Secretary on export expansion, and shall serve as National Export Expansion Coordinator. Within the framework of overall DIBA goals, the Deputy Assistant Secretary shall determine the objectives of the Bureau -- a mainline component of DIBA -- formulate policies and programs for achieving those objectives, and direct the execution of Bureau programs. The Deputy Assistant Secretary shall provide a coordinated DIBA response to the economic situation and business opportunities in Near East countries including Saudi Arabia, Iran, Egypt, Israel, Lebanon, Syria, Iraq, Jordan, Kuwait, the United Arab Emirates, Libya, Morocco, Tunisia, and Algeria. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

.01 The Office of Market Planning shall provide principal planning and strategy development for the Bureau; shall develop and review the Bureau's role, objectives, and operating plans on a worldwide basis; shall identify those sectors of U.S. industry with the greatest export growth potential and examine foreign markets offering the greatest export opportunities to U.S. industry; shall develop guidelines for allocation of resources for DIBA-sponsored export programs; shall establish "intensive promotion cycles" for BIC export expansion activities; shall measure and evaluate Bureau programs; shall be responsible for programs to represent the interests of the Department to other agencies with regard to the official representation of U.S. commercial interests abroad; and shall coordinate country commercial programs and the Office of Field Operations/BIC agreement.




.02 The Office of Export Development shall conduct activities in the United States designed to stimulate export marketing in all segments of the domestic economy which have the capability to export; shall develop promotional activities for increasing national awareness of export potentials and benefits, and for improving Government/business cooperation in export development; shall be the focal point for the export expansion activities involving DIBA district offices; shall provide information on commercial participants in world trade and furnish specific trade investment opportunities to U.S. businessmen; shall assist qualified U.S. firms in achieving maximum participation in major systems and development projects abroad; shall provide coordination for DIBA participation in domestic trade fairs; shall encourage foreign direct capital investments and licensing by foreign firms in the United States; and shall provide information and other services consistent with U.S. balance of payments policies and objectives, to U.S. firms undertaking investments overseas.

.03 The Office of International Marketing shall provide overseas marketing assistance to U.S. companies through a variety of informational and promotional techniques; shall plan and implement individual country programs to support the marketing needs of U.S. business on a targeted industry, product, and market basis, and shall maintain appropriate information services for all such activities; shall direct the exhibitions program at commercial trade fairs and U.S. trade centers.

#### SECTION 6. BUREAU OF RESOURCES AND TRADE ASSISTANCE.

The Deputy Assistant Secretary for Resources and Trade Assistance shall determine the objectives of the Bureau—a mainline component of DIBA—formulate the policies and programs for achieving those objectives, and direct execution of the programs. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

.01 The Office of Import Programs shall deal with import problems involving industries experiencing difficulties from import competition and with problems in the field of international trade in industrial products. In support of import policy formulation and implementation, shall monitor trade developments which impact on domestic production and employment, including the extent to which trade effects are concentrated in particular geographic areas. For such import-impacted industries or regions, and as otherwise required, it shall maintain interagency relationships, and coordinate legislative comment, international negotiations, and representation with business and trade groups, and publish periodic reports; analyze information pertaining to international trade in selected



industrial products; and represent the Department in U.S. Government participation in international agreements and arrangements on selected industrial products. It shall also process applications for duty free importation of educational, scientific and cultural materials (under UNESCO'S Florence Agreement) and represent the Department at international meetings on the UNESCO agreement, process applications to import foreign excess property into the United States; perform staff work pertaining to the allocation of watches and watch movements among producers in the Virgin Islands, Guam, and American Samoa; and provide executive secretarial services and administrative support to the Foreign-Trade Zones Board.

.02 The Office of Textiles shall conduct studies and analyses of the fiber, textile and apparel sector of the industrial economy; provide interpretive data on trends affecting the sector's economic stability, and recommend appropriate Government action to prove the economic position of the sector; participate in administration and negotiation of international and bilateral textile agreements; and coordinate interagency relations, legislative comment, and liaison with relevant industry and trade groups.

#### SECTION 7. THE BUREAU OF DOMESTIC COMMERCE.

The Deputy Assistant Secretary for Domestic Commerce shall determine the objectives of the Bureau--a mainline component of DIBA--formulate policies and programs for achieving those objectives, and direct execution of the Bureau's programs. The Deputy Assistant Secretary shall be assisted by a Deputy Director who shall perform the functions of the Deputy Assistant Secretary in the latter's absence. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

.01 The Office of Industrial Mobilization shall perform national defense and industrial mobilization functions, as follows: assist in achieving, through administration of priorities and allocations and other means, an adequate supply of strategic, critical, and other products and materials for defense and defense-supporting activities and essential civilian needs, including the timely completion of current military, atomic energy, and space programs for production, construction, and research and development; and participate in the development of national plans to assure maximum readiness of the industrial resources of the United States, including the means for administering them, to meet any future demands of any national emergency.

.02 The Office of Business and Legislative Issues shall provide analyses and quantitative assessments of domestic business and legislative issues that support, supplement or complement activities of other elements of the Domestic and International Business Administration, the Department, or other agencies of the Government engaged in developing and evaluating domestic business policy options.



.03 The Office of Business Research and Analysis shall collect, maintain, and analyze domestic and international data on individual commodities and industries, such as production, pricing, inventories, marketing, labor, financing, taxation, and location and size of companies, exclusive of data related to the fiber, textile, and apparel sector of the industrial economy, which shall be the responsibility of the Bureau of Resources and Trade Assistance. (The fiber, textile and apparel sector of the industrial economy shall be the responsibility of the Bureau of Domestic Commerce insofar as required for the administration of the Defense Production Act of 1950, as amended.) This information will be used in support of policy decisions and program actions by the Bureau of Domestic Commerce, the Department of Commerce, and other areas of the Government. The Office shall monitor problem commodities for short supply export controls. The Office shall also certify U.S. firms as "bona fide motor-vehicle manufacturers" qualified to trade under the provisions of the U.S.-Canadian Automotive Agreement, and prepare the President's Annual Report to Congress concerning implementation of the Automotive Products Trade Act of 1965.

.04 The Office of Ombudsman shall serve as a focal point for business assistance, consultation, and advice; receive and respond to inquiries from business and industry, the Congress, other agencies of the Government, and the public; identify and take action to clarify business concerns involving Government policies and programs; serve as the Department's contact in consumer affairs matters with other Government agencies; serve as the focal point for the consumer inquiries, complaints, and requests for assistance; obtain consumer views and identify and analyze consumer input on current issues for consideration in the Department's policy formulation and decisionmaking; conduct periodic business-consumer relations seminars in conjunction with the District offices of DIBA's Office of Field Operations, and report on DIBA's consumer representation activities to the Department of Commerce Consumer Affairs Council. In carrying out its functions, the Office shall not represent, intervene on behalf of, or otherwise seek to assist business and individuals on specific matters, cases, or issues before Federal regulatory agencies or before Federal departments exercising a regulatory function with respect thereto; nor shall it participate in, intervene in regard to, or in any way seek to influence the negotiation or renegotiation of the terms of contracts between business and the Government.

#### SECTION 8. THE BUREAU OF EAST-WEST TRADE.

The Deputy Assistant Secretary for East-West Trade, shall determine the objectives of the Bureau—a mainline component of DIBA—formulate policies and programs for achieving those objectives and direct execution of the programs. The Deputy Assistant Secretary (DAS) shall be assisted by a Deputy Director who shall perform the functions of the DAS in the latter's absence. (The Office of the DAS shall include a Hearing Commissioner who shall conduct hearings and perform other duties with

respect to administrative compliance proceedings involving Export Administration violations cases, in accordance with the rules set forth in the Export Administration Regulations.) The objectives, policies and programs of the Bureau of East-West Trade shall relate to the U.S.S.R., People's Republic of China, Poland, Romania, Czechoslovakia, Hungary, Bulgaria, Albania, East Germany, the Soviet zone of Berlin, Cuba, Mongolia and certain other areas of the world with similar economic/political structures, and, where necessary for export administration purposes, shall relate to other countries. The Office shall provide necessary secretariat and support services to the Export Administration Review Board and to the Advisory Committee on Export Policy. The functions of the Bureau shall be carried out through its principal organizational elements as prescribed below:

.01 The Office of East-West Trade Development shall, with regard to the countries and areas specified, be responsible for developing and implementing program recommendations with regard to trade and other commercial relations; preparing market assessments on Centrally Planned Economy (CPE) countries; gathering information bearing on commercial relations and providing advisory services and information for U.S. firms or industrial groups; developing and disseminating studies of market potential for U.S. trade with these countries and areas; developing and executing programs for U.S. trade promotional events and trade missions to the specified countries and areas; and coordinating activities relating to foreign commercial services and commercial representation in these countries.

.02 The Office of East-West Country Affairs shall maintain familiarity with, and develop and disseminate information and advice on, the economic and political conditions and policies and the U.S. trade and commercial relations with the countries and areas listed in Section 8; maintain contacts on East-West trade matters with foreign government officials in the U.S.; develop and provide country information and advice to other elements of the Bureau, the Department, the U.S. chairmen of joint trade commissions and members of interagency committees; and provide executive secretariat services to U.S. joint commercial commissions.

.03 The Office of East-West Policy and Planning shall formulate, analyze and make recommendations about legislative and policy issues arising in East-West trade activities; coordinate East-West trade policy review with international trade, finance and other organizations; monitor and maintain liaison with East-West trade-related national and international organizations; propose and monitor contracts for analyses of East-West trade matters and develop and provide statistical data services for the Bureau.

.04 The Office of Export Administration shall administer and, in conjunction with the Department's Office of the General Counsel, enforce the regulations and programs required to carry out Departmental responsibilities under the Export Administration Act of 1969, as amended; develop policies and measures for the administration of U.S. exports of commodities and technical data; seek, in collaboration with other Federal agencies, the adoption by foreign

countries of such controls over their exports as will assist the policies of the United States with respect to trade between the free world and the specified countries and areas, and with such other areas as national security, foreign policy and short supply may require; shall have coordinating responsibilities for all short supply activities within DIBA and provide secretariat and support services to the Operating Committee of the Advisory Committee on Export Policy, and Technical Advisory Committees established under the Export Administration Act of 1969, as amended.

SECTION 9. OFFICE OF FIELD OPERATIONS.

The Deputy Assistant Secretary for Field Operations shall head the Office which shall serve as the Department's principal medium of contact with the business community at local levels for the functions listed below, most of which will be performed through District Offices and subordinate Satellite Offices located throughout the country (Exhibit 2).

.01 Ascertaining the needs and desires for information and assistance relevant to the private economy that fall within the scope of Commerce's responsibilities, arranging or participating in the effective delivery of Commerce's business-related information products, and assisting in the planning and design of additional business information;

.02 Providing local assistance and service to business communities in utilizing information and related business aids of Commerce and of other agencies, and performing the field work and services involved in the programs of DIBA, and for other organizations of Commerce as may be arranged from time to time;

.03 Promoting participation of the general business community in the resolution of economic and business problems of the Nation;

.04 Publishing the "Commerce Business Daily"; and

.05 Through the District or Satellite Offices located in the ten Uniform Federal Regional Council Cities, serving as the Department's principal coordinator at the regional level for Federal Preparedness Planning, Crisis Management and Emergency Operations. Accordingly, the Office Directors in the ten cities (i.e., Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco and Seattle), having been designated Regional Emergency Coordinators, acting in accordance with instructions and guidance issued by the Director, Departmental Office of Emergency Readiness, through the Office of Field Operations, shall represent the Secretary and shall be the principal advisory and contact point for the Department for emergency readiness matters in their respective areas.



SECTION 10. EFFECT ON OTHER ORDERS.

This order supersedes Department Organization Order 40-1, of November 17, 1975, as amended.

  
Assistant Secretary for Domestic and International Business

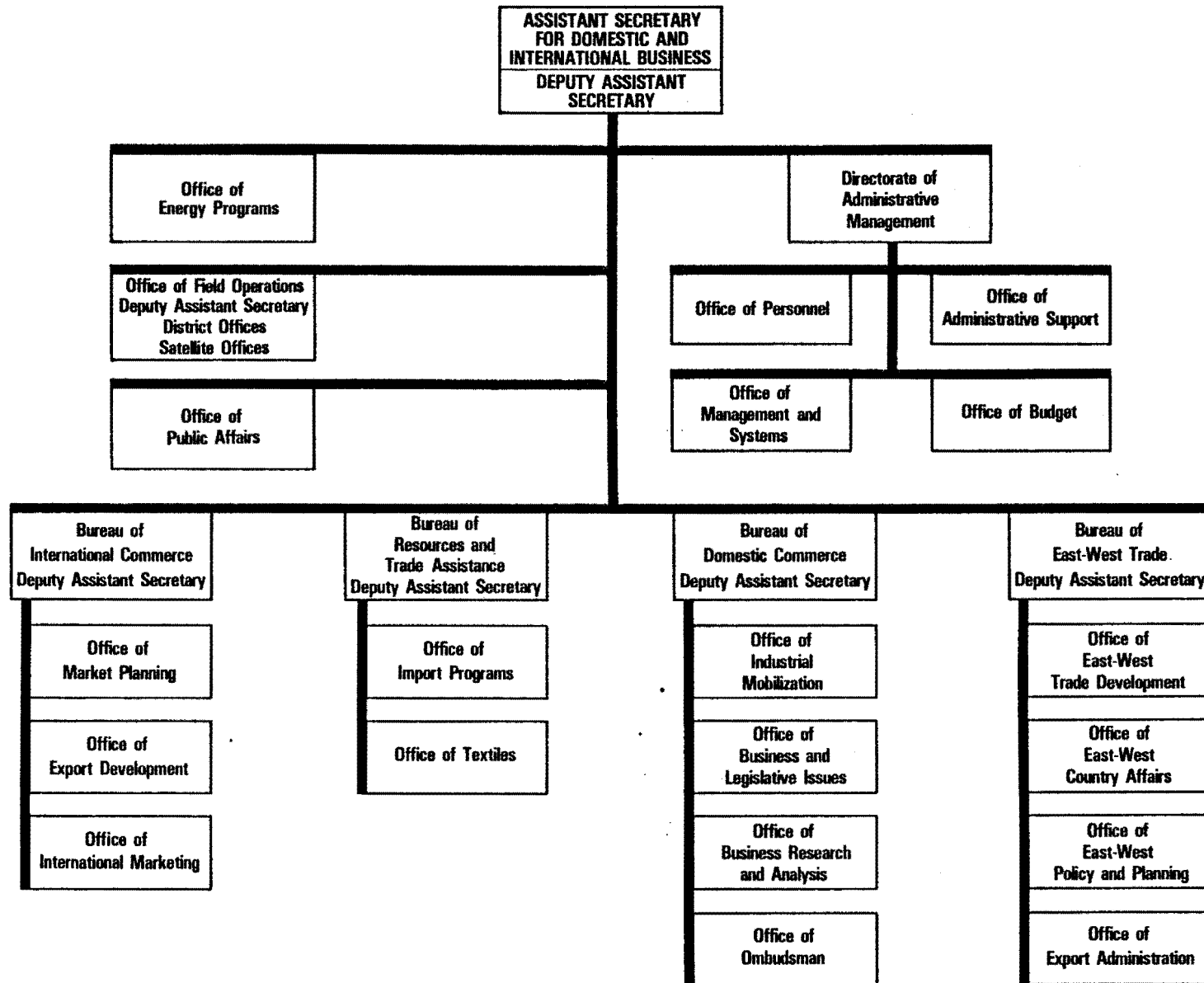
Approved:

  
Assistant Secretary for Administration

USCOMM-DC 58407

**U.S. DEPARTMENT OF COMMERCE**  
**Domestic and International Business Administration**

Exhibit 1 to DOD 48-1



OCTOBER 13, 1976

# **Domestic and International Business Administration OFFICE OF FIELD OPERATIONS**

## **Locations of District and Satellite Offices**

### **DISTRICT OFFICES**

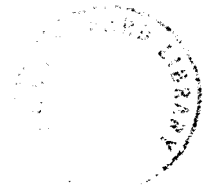
Albuquerque  
Anchorage  
Atlanta  
Baltimore  
Birmingham  
Boston  
Buffalo  
Charleston, W. Va.  
Cheyenne  
Chicago  
Cincinnati  
Cleveland  
Columbia  
Dallas  
Denver  
Des Moines  
Detroit  
Greensboro  
Hartford  
Honolulu  
Houston

Indianapolis  
Los Angeles City  
Memphis  
Miami  
Milwaukee  
Minneapolis  
Newark  
New Orleans  
New York City  
Omaha  
Philadelphia  
Phoenix  
Pittsburgh  
Portland, Oregon  
Reno  
Richmond  
St. Louis  
Salt Lake City  
San Francisco  
San Juan  
Savannah  
Seattle

### **SATELLITE OFFICES**

Ann Arbor  
Asheville, N.C.  
Boise  
Butte  
Charleston, S.C.  
Clearwater  
Frankfort  
Grand Rapids  
Jackson, Miss.  
Jacksonville, Florida

Kansas City, Missouri  
Little Rock  
Nashville  
Oklahoma City  
Portland, Maine  
Providence  
San Antonio  
San Diego  
Tallahassee  
Wichita



OCTOBER 13, 1976





L. S. MATTHEWS

Date & Place of Birth

January 6, 1922  
Glendean, Kentucky

Local Residence

7 Watergate South  
700 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Education

1948 - B.A. Northwestern University, Summa Cum Laude

Military Service

Served in U.S. Coast Guard November 1942 - April 1946

Present Position


Assistant Secretary for Domestic and International Business,  
Effective July 12, 1976.

Experience Prior to Present Position

In June 1948, Mr. Matthews joined the Leo Burnett Company, Inc. of Chicago as a research analyst. He was appointed as Executive Vice President in charge of Client Services and Marketing in 1961, and became President of the Company in January 1970. He was named Vice Chairman of the Board in February 1975. From January 1976 until his present position, Mr. Matthews served as a consultant to the Leo Burnett Company, Inc.

Honors and Affiliations

Member of Dean's Council of Graduate School of Management at Northwestern University  
Elected to Beta Gamma Sigma National Honorary Society for Business Schools while at Northwestern University  
Trustee of the Hadley School for the Blind  
Received Academic Scholarship to Indiana University



DONALD E. JOHNSON

<u>Date &amp; Place of Birth</u>	<u>Local Residence</u>
June 5, 1924 Cedar Falls, Iowa	8809 Fircrest Pl. Alexandria, Va. 22308

Education

1946: Iowa State University, A.B.

Military Service

U.S. Army, 1942 to 1946

Present Position

Deputy Assistant Secretary for Domestic and International Business,  
September 1974.

Experience Prior to Present Position

1969-1974 Administrator of Veterans Affairs - Washington, D.C.  
1965-1969 President, West Branch Farm Supply Inc. - West  
Branch, Iowa  
1965-1966 President, Protein Blenders, Inc. - Iowa City, Iowa  
1961-1969 President, D.J. Services, Inc. - West Branch, Iowa  
1947-1965 Secretary-Treasurer Johnson's Hatcheries, Inc. West  
Branch, Iowa

Honors and Affiliations

National Commander, the American Legion (1964-1965)  
The American Legion  
AMVETS  
Herbert Hoover Library Association (Trustee)  
Honorary Doctor of Law, Iowa Wesleyan (1972)

ROBERT G. SHAW

Date & Place of Birth

July 9, 1940  
Chicago, Illinois

Local Residence

3617 Glenbrook Road  
Fairfax, Va. 22030

Education

1963: Carnegie-Mellon University, M.S.  
1961: Stanford University, A.B.

Present Position

Acting Deputy Assistant Secretary for International  
Commerce, August 1976.

Experience Prior to Present Position

April 1975 to August 1976: Deputy Director, Bureau of  
International Commerce, U.S. Department of Commerce.

April 1974 to April 1975: Deputy Special Assistant  
to President, The White House.

July 1973 to March 1974: Special Assistant, Office of  
Secretary, U.S. Department of Commerce.

1971 to July 1973: President & Chief Executive  
Officer, Computer Merchandising, Inc., Chicago, Illinois.

1969 to 1971: Executive Vice-President & General  
Manager, Market Research Corporation of America, Chicago, Illinois.

1963 to 1969: Director of Market Information and  
Planning, Scott Paper Company, Philadelphia, Pennsylvania.

Honors and Affiliations

Various academic and athletic honors, awards and scholarships.  
Degree from Stanford awarded with Honors.

MURRAY S. SCUREMAN

Date & Place of Birth

December 4, 1938  
Harrisburgh, Pennsylvania

Local Residence

3732 Hummer Road  
Annandale, Va. 22003

Education

Princeton University	Bachelor of Science in Electrical Engineering -- 1963
Harvard Business School	Master in Business Administration -- 1970

Military Service

United States Army, Artillery -- 1958-1960

Present Position

Deputy Assistant Secretary for Domestic Commerce/October 1976

Experience Prior to Present Position

1973-1976	U.S. Department of Commerce, Washington, D.C.: Served as Executive Assistant to Ambassador Frederick B. Dent while he was Secretary of Commerce and in his current position as Special Representative for Trade Negotiations.
1970-1973	Singer Business Machines, Chicago, Illinois: Sold to Sears, Roebuck and Co. the retail industry's first successful electronic point-of-sale computer system. Was responsible for the project from prototype hardware testing through contract negotiation and field implementation.
1969	Arthur D. Little, Cambridge, Massachusetts: As a Staff Consultant specialized in strategy development and implementation of data processing projects.
1963-1968	International Business Machines, Trenton, New Jersey: As a Systems Engineer and then Marketing Representative sold and installed the full range of IBM's computer systems to major manufacturing, institutional and scientific customers.

ROBERT E. SHEPHERD

Date & Place of Birth

March 11, 1927  
Garden City, Kansas

Local Residence

4111 Vacation Lane  
Arlington, Va.  
22207

Education

1951-1953: Oxford University  
1948-1951: State University of Iowa, A.B.  
1946-1948: Eastern Oregon College

Military Service

1945-1946: U.S. Navy

Present Position

Acting Deputy Assistant Secretary for Resources and Trade Assistance, September 1976

Experience Prior to Present Position

1975-1976: Deputy Director, Acting Director and Director,  
Office of Energy Programs  
1974-1975: Acting Deputy Director, Bureau of Resources  
and Trade Assistance  
1973-1974: Director, Office of Energy Programs  
1969-1973: Office of Emergency Preparedness; Chief,  
Oil and Energy Division  
1956-1969: Policy Analysis and program development with  
the Office of the Secretary of Defense and  
the United States European Command

Honors and Affiliations

Rhodes Scholarship  
Siam Society  
Several Outstanding Performance Awards from the Office  
of Energy Programs and the Department of Defense

ARTHUR T. DOWNEY

Date & Place of Birth

August 17, 1937  
New York City, N.Y.

Local Residence

6629 31st Street  
Washington, D.C.  
20015

Education

1963: Georgetown University, LL.M.  
1962: Villanova University, LL.B.  
1959: St. Vincent College, A.B.

Military Service

None

Present Position

Deputy Assistant Secretary for East-West Trade, January 1975

Experience Prior to Present Position

1972-1975 Member of the law firm of Morgan, Lewis & Bockius  
1969-1972 Staff member of the National Security Council  
1964-1969 Lawyer at Department of State

Honors and Affiliations

Fellowship at Georgetown University Law School  
American Bar Association  
American Society of International Law

JOHN P. GLEASON, JR.

## Date &amp; Place of Birth

November 11, 1941  
New York, New York

Local Residence

504 Dartmouth Avenue  
Silver Spring, Md. ..  
20910

## Education

1972	Harvard Graduate School of Business (Program for Management Development)
1959-1963	Georgetown University, B.S.F.S., Foreign Trade

### Military Service

None

### Present Position

Deputy Assistant Secretary for Field Operations

### Experience Prior to Present Position

1973-1975: Executive Assistant to the Assistant Secretary for Domestic and International Business

1970-1973: Director of the Special Projects Staff and Assistant to the Director of the Bureau of International Commerce

1968-1970: Investment Banker with Blyth, Eastman Dillon, Inc.

1967-1968: Export Project Manager, Office of International Marketing/Bureau of International Commerce

1964-1967: General Manager with Papagallo, Inc. (Retail shoe chain)

## Honors and Affiliations

1972	:	Department of Commerce Special Achievement Award
1973	:	Department of Commerce Special Achievement Award
1975	:	Department of Commerce Special Achievement Award
1976	:	Department of Commerce Silver Medal Award for Meritorious Federal Service





## Office of Energy Programs

Robert E. Shepherd, Director

### Introduction

The Office of Energy Programs is responsible for the Department's industrial energy programs, including conservation and energy utilization. The Director, Office of Energy Programs reports directly to the Assistant Secretary.

### Mission

The Office of Energy Programs is responsible for:

- o working with business and industry to increase their awareness of, and to promote, energy conservation and efficiency.
- o conducting studies on issues affecting energy resources/energy utilization policies and programs.
- o maintaining liaison with energy intensive industries and trade associations to implement programs for optimum use of energy resources.
- o monitoring key energy industries including the oil, gas, coal, electric power and other energy industries.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 76	\$2,090,000	57
FY 77	1,795,000	49
FY 78	1,987,000	57

## Bureau of Resources and Trade Assistance

Robert E. Shepherd, Acting Deputy Assistant Secretary

### Introduction

The Bureau of Resources and Trade Assistance (BRTA) develops programs which apply to import and textile activities. The Deputy Assistant Secretary reports directly to the Assistant Secretary for Domestic and International Business.

### Mission

The Bureau of Resources and Trade Assistance has been chartered to:

- o deal with problems of industries faced with import competition.
- o analyze the status of the fiber, textile, and apparel sector of the U.S. economy, providing data and policy recommendations which affect economic stability, and negotiate international and bilateral textile agreements.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 76	\$2,086,000	78
FY 77	\$1,959,000	61
FY 78	\$1,786,000	59

## Bureau of East-West Trade

Arthur T. Downey, Deputy Assistant Secretary

### Introduction

The Bureau of East-West Trade's (BEWT) programs relate directly to trade potential with the U.S.S.R., the Peoples' Republic of China, Poland, Romania, Czechoslovakia, Hungary, and with other areas of the world having similar economic and political structures. The Deputy Assistant Secretary reports directly to the Assistant Secretary for Domestic and International Business.

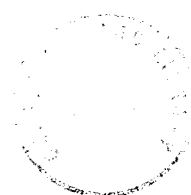
### Mission

The Bureau of East-West Trade has a specific mandate to:

- o develop and implement programs which will increase East-West trade, including market studies, promotional events, and collection of vital trade statistics.
- o analyze current U.S. trade and commercial relationships with these countries, making such data available to Government and business.
- o administer the provisions of the Export Administration Act of 1969, as amended, which regulates the export of selected U.S. products for reasons of national security, foreign policy or short supply.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 76	\$ 8,700,000	242
FY 77	9,388,000	267
FY 78	10,590,000	267



## Bureau of Domestic Commerce

Murray S. Scureman, Deputy Assistant Secretary

### Introduction

The Bureau of Domestic Commerce (BDC) promotes the domestic commerce of the United States by fostering progressive business policies and growth within the American business community. The Deputy Assistant Secretary reports to the Assistant Secretary for Domestic and International Business.

### Mission

The Bureau of Domestic Commerce has responsibility for:

- o legislative and domestic business policy matters which have broad industry impact or involve broad sectors of domestic business activity.
- o commodity/industry activities essential to American economic growth and stability.
- o assuring readiness of industrial responses for national emergencies and an adequate flow of materials essential for national defense, atomic energy and other critical programs.
- o the Department's Ombudsman program which serves as a focal point for business assistance, consumer affairs, consultation and advice.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 1976	\$ 7,614,000	249
FY 1977	\$ 8,667,000	270
FY 1978	\$ 8,872,000	278

## Bureau of International Commerce

Robert G. Shaw, Acting Deputy Assistant Secretary

### Introduction

The Bureau of International Commerce (BIC) was created to promote the foreign trade of the United States and to assist U.S. business in its domestic and international operations. The Deputy Assistant Secretary reports to the Assistant Secretary for Domestic and International Business.

### Mission

The BIC program is designed to:

- o provide export development services and information to help American businessmen trade abroad.
- o operate overseas trade centers, send trade missions and exhibitions abroad, and provide other services which promote the sale of U.S. goods abroad.
- o coordinate program activities of the President's Export Council.
- o present the views of exporters in governmental councils.

### Summary of Funds and Employment for FY 76, FY 77, and FY 78

	<u>Funds</u>	<u>Authorized Positions</u>
FY 1976	\$19,580,000	545
FY 1977	\$19,491,000	519
FY 1978	\$19,024,000	518



EMPLOYMENT IN THE DOMESTIC AND INTERNATIONAL

BUSINESS ADMINISTRATION

November 15, 1976

OFFICE OF THE ASSISTANT SECRETARY FOR DOMESTIC AND INTERNATIONAL BUSINESS

This office is headed by the Assistant Secretary for Domestic and International Business, an Executive Level IV position. Included in his immediate staff are the Deputy Assistant Secretary for Domestic and International Business and the Director, Office of Energy Programs. The Assistant Secretary is assisted by the following offices in carrying out his responsibilities:

No. of  
Employees

OFFICE OF ENERGY PROGRAMS..... 49

The Director of the Office of Energy Programs is a position filled at the GS-17 level. Personnel in this office are mostly employed as Commodity Industry Specialists, Industrial Economists, Program Officers, General Administrative, Clerical, and Secretarial employees.

OFFICE OF PUBLIC AFFAIRS..... 16

The Director of the Office of Public Affairs is a position filled at the GS-15 level. Personnel in this office are generally employed as Public Information Officers, Writer-Editors, Editorial Assistants, or in General Clerical and Secretarial positions.

CONGRESSIONAL RELATIONS STAFF..... 04

The Director of the Congressional Relations Staff is a position filled at the GS-15 level.

OFFICE OF FIELD OPERATIONS..... 344

Washington..... 18  
Field..... 326





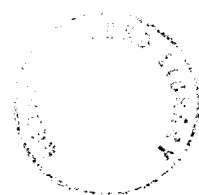
The position of Deputy Assistant Secretary for Field Operations is normally filled at the GS-17 level. Personnel in this office are usually employed as Domestic or International Trade Specialists and Trade Assistants, in General Administrative positions, and as Clerks, Secretaries, and Typists. The vast majority of personnel employed in the Office of Field Operations are located in the 43 District Offices across the United States. These range in size from the New York City Office with 28 employees to several offices, such as Albuquerque, New Mexico, with 2 employees.

DEPUTY ASSISTANT SECRETARY FOR DOMESTIC COMMERCE.....	294
Office of the Deputy Assistant Secretary.....	13
Office of the Ombudsman for Business.....	31
Office of Business and Legislative Issues.....	36
Office of Industrial Mobilization.....	28
Office of Business Research and Analysis.....	186
Includes 10 M-Y for GATT	

The position of Deputy Assistant Secretary for Domestic Commerce is a GS-18 position. Employees in the Bureau of Domestic Commerce are usually assigned as General or Industry Economists, Commodity Industry Specialists and Analysts, Trade Specialists, Statisticians, and in General Administrative, Clerical and Secretarial positions.

DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL COMMERCE..	535
Office of the Deputy Assistant Secretary.....	15
Commerce Action Group/Near East.....	34
CAGNE/Overseas.....	08
Office of International Marketing.....	318
Washington.....	244
Overseas.....	74
Office of Export Development.....	123
Office of Market Planning.....	37

The position of Deputy Assistant Secretary for International Commerce is filled at the Executive Level V. Personnel within the Bureau are normally International Trade Specialists or Assistants, Industrial Specialists, Exhibit Negotiators, International or Regional Economists, Industrial Design Specialists, Statisticians, General Administrative or Secretarial employees.



No. of  
Employees

DEPUTY ASSISTANT SECRETARY FOR RESOURCES AND TRADE ASSISTANCE.....	63
Office of the Deputy Assistant Secretary .....	2
Office of Import Programs.....	24
Office of Textiles.....	37

This Bureau is headed by a Deputy Assistant Secretary for Resources and Trade Assistance, a position normally filled in the past at the GS-18 level. Personnel employed in the Bureau are usually Commodity Industry Specialist or Analysts, Trade Specialist, Economists, those with statistical expertise, and General Administrative, Clerical, and Secretarial employees.

DEPUTY ASSISTANT SECRETARY FOR EAST-WEST TRADE.....	272
Office of the Deputy Assistant Secretary.....	10
Office of Export Administration.....	169
Office of East-West Trade Development.....	38
Domestic.....	34
Overseas.....	4
Office of East-West Country Affairs.....	31
Office of East-West Policy and Planning.....	24

The Deputy Assistant Secretary for East-West Trade is a GS-18 level position. Employees in the Bureau are generally International or Regional Economist, International Trade Specialist, Statisticians, Industrial Specialists, Criminal Investigators, Export Compliance Inspectors, or have General Administrative, Clerical, or Secretarial Positions.

DIRECTORATE OF ADMINISTRATIVE MANAGEMENT.....	116
Office of Administrative Support.....	42
Office of Budget.....	29
Office of Management and Systems.....	17
Office of Personnel.....	28

Employees assigned in this area are those involved in Personnel Management, Management or Budget Analysis, General Supply and Travel, as well as those in General Administrative, Clerical and Secretarial positions.

GRAND TOTAL 1693



## DOMESTIC AND INTERNATIONAL BUSINESS

### Bureau of International Commerce

- o Need for and definition of Export Promotion Policies
- o Role and composition of President's Export Council
- o State/Commerce Commercial Relationships

### Bureau of Domestic Commerce

- o Materials Policy and Federal Organization for Materials Policy
- o Economic Health of the Aerospace Industry
- o U.S./Canadian Automotive Products and Parts Trade Imbalance
- o Telecommunications-Government Regulation and Monopoly versus Independence
- o Products Liability Program
- o International Labor Organization Withdrawal Question
- o Workers' Compensation
- o Business-Consumer Relations
- o Ferrous Scrap

### Bureau of Resources and Trade Assistance

- o Implementation of GATT arrangement regarding International Trade in Textiles
- o PRC Textile trends
- o Renewal of the Multifiber Arrangement
- o Footwear imports
- o Import Problem--Steel
- o Import Problem--Specialty Steel

- o Import Problem--Consumer Electronics Products

Bureau of East-West Trade

- o Normalization of Trade Relations with People's Republic of China
- o The Trade Act of 1974 and East-West trade
- o Appropriate role of the Department in East-West policy
- o Controls on the transfer of technology and export of high technology goods to Communist countries
- o Normalization of commercial relationships with Cuba

Office of Energy Programs

- o Relationships between DOC and the Business Community
- o Industrial Conservation: Division of Responsibilities between FEA and DOC.
- o Energy Export Policies and Levels

# Need for and Definition of Export Promotion Policies

## Background

Export Promotion needs remain no less critical today than in the past. The United States does not yet appear to be exporting to its full potential consistent with comparative advantage and to this extent, is not fully maximizing its potential gains from trade. The Bureau of International Commerce efforts to foster and promote a further expansion of exports and a stronger export community are:

- A. Serving U.S. policy and economic interest
- B. Answering express needs and desires of the U.S. business community

This is important when we consider that:

- nearly 8 million Americans are unemployed;
- plant utilization in some instances is running at less than 75% of capacity;
- U.S. industry is exporting less than 15% of its output;
- only about 8% of U.S. manufacturers are currently active in exporting;
- U.S. imports, particularly energy, are on the rebound;
- rich export markets in OPEC and other resource-rich emergent countries are largely untapped; and
- major competitor countries are intensifying their own promotion efforts.

Comparing official U.S. export promotion efforts with those of other countries, in 1974 (the latest year for which comparable data are available) our major competitors spent three times on the average, the U.S. amount for export promotion per thousand dollars of manufactured exports--\$1.08 compared with 30 cents for the United States. In that year, our major competitors also spent 40% more for export promotion as a percent of total non-defense governmental expenditures.

## Issues

- (1) The need for full and expressed Administration policy on the objectives of export promotion and the role of the Federal Government in reaching these objectives.
- (2) The need to resolve the question whether Departmental export promotion efforts should be directed almost exclusively to new-to-foreign-market firms (which would result in a broadening of the export base), or whether a balance should be aimed at that would include export-experienced firms into this effort (which would tend to create large export sales in addition to the broadening of the export base).

- (3) Should consideration be given to small-and medium-sized, export-capable firms for whom the cost of participating in a Commerce-sponsored trade event becomes prohibitive?
- (4) Should the Government achieve "full cost recovery" for its export efforts by charging industry the cost of its promotions?
- (5) Clarification is needed as to who should have the responsibility and therefore also the authority to devise and execute the Government's export promotion programs. Should it be the Department of Commerce or the Office of Management and Budget which, through its instructions to the Department, directs its export promotion efforts, if not in name then in effect?

#### Analysis of Issue

The above issues are of extreme importance because of differences of opinions among agencies and OMB. For the past two years, a debate has continued within the Executive Branch on the national objectives served by export promotion and the proper role of the U.S. Government in this area. In March 1975, OMB issued a draft report on the subject in which it put forth limited objectives and a considerably diminished role for export promotion. The primary agencies involved in export promotion, Commerce, State, Export-Import Bank and Agriculture took exception to these findings. The debate is unresolved to this day.

#### Schedule

The White House should, at the earliest possible time, determine and issue export promotion objectives and state the role and level of Federal participation in export promotion.

Hearings should be held, at the earliest possible time, by the relevant Senate and/or House oversight committees to determine the objectives and proper U.S. Government role in export promotion.

The Secretary of Commerce should meet with the Director of OMB to reexamine and resolve issues two, three, and four above.

## Role and Composition of The President's Export Council

**Background:** The President's Export Council (PEC) was established by Executive Order in 1973 to serve as a national advisory body to the President on export expansion activities. Through the Secretary of Commerce, it advises the President, the Council on International Economic Policy, and the President's Interagency Committee on Export Expansion on matters relating to export trade.

The Council has two subordinate committees. The Task Force on Export Promotion, scheduled to terminate December 31, 1976, has been reviewing Commerce's Export Promotion Programs. The Subcommittee on Export Administration provides advice and offers recommendations on ways to minimize the adverse impact of export controls on U.S. business. The subcommittee's activities are viewed as long-term in nature.

The PEC membership consists of a Chairman, a Vice Chairman, and twenty other members representative of business and industry. Each member is the chief executive officer of his firm. Members are appointed by the President and serve at his pleasure. Presently, the Council has two vacancies and the position of Vice Chairman will be vacated effective January 1, 1977. Both the PEC and its Subcommittee will terminate on January 5, 1977 unless extended by Executive Order.

**Issue:** A decision is needed on whether or not the PEC and its Subcommittee should be continued and if continued, whether the role of the Council should be strengthened and expanded. Replacement of all or a portion of the Council members must also be determined.

**Analysis of Issue:** Continuation of the Council and the Subcommittee on Export Administration would keep a line of communication open between the President, the Secretary and a corps of chief executive officers of major U.S. industrial organizations who provide industry views and recommendations on export trade matters. There are no other advisory committees which perform these functions. If the PEC is continued, its ongoing activities, generally those agreed upon during a July 13, 1976 joint meeting with the President's Interagency Committee on Export Expansion would also continue. The role of the Council would be strengthened and expanded if the Administration were to frequently seek the Council's advice.



Additionally, replacement of at least a portion of the membership would provide new impetus to the Council. However, the current Chairman of the Subcommittee, a member of the Council, should be retained for reasons of continuity, irrespective of any other Council membership changes that may ultimately occur.

Schedule: Decision on continuance of PEC and its Subcommittee - last quarter CY76

Decision on modifying PEC membership - first quarter CY77

First meeting of reconstituted PEC - second quarter CY77

Appendices: - Executive Order 11753 of December 20, 1973

- PEC membership List

# Presidential Documents

## Title 3—The President

### EXECUTIVE ORDER 11753

#### Establishing the President's Export Council and For Other Purposes.

By virtue of the authority vested in me as President of the United States of America, it is hereby ordered as follows:

**SECTION 1. *Establishment of the President's Export Council.*** (a) There is hereby established within the Department of Commerce the President's Export Council, hereinafter referred to as the "Export Council," which shall be composed of a Chairman, a Vice Chairman, and twenty other members representative of business and industry of which eight members shall be selected without regard to geographic considerations and twelve members shall be selected so as to provide appropriate regional representation. The President shall appoint the Chairman, the Vice Chairman, and all other members of the Export Council.

(b) The Export Council shall serve as a national advisory body to the President on export expansion activities.

(c) The Secretary of Commerce (hereinafter referred to as the "Secretary") is directed to insure that the recommendations of the Export Council receive appropriate Governmental consideration.

(d) The Secretary, with the concurrence of the Chairman, shall appoint an Executive Secretary for the Export Council.

**SEC. 2. *Functions of the Export Council.*** The Export Council shall, through the Secretary, advise the President, the Council on International Economic Policy (CIEP), and the President's Interagency Committee for Export Expansion (PICEE) on matters relating to export trade. In particular, the Export Council may—

(1) Identify and examine problems regarding the effects of industrial practices on export trade and the need for industry to improve its export efforts, and recommend solutions to these problems.

(2) Survey and evaluate export expansion activities which reflect the ideas of the business community.

(3) Provide liaison among members of the business and industrial community on export expansion matters.

(4) Encourage the business and industrial community to enter new foreign markets and to expand existing export programs.

(5) Advise on plans and actions of the Federal Government involving export expansion policies affecting business and industry.

(6) Provide a forum for business and Government on current and emerging problems and issues in the field of export expansion.

**SEC. 3. *Subordinate Committees.*** The Export Council may establish, with the concurrence of the Secretary, an executive committee and such

other subordinate committees as it considers necessary in the performance of its functions. Subordinate committees shall be headed by a chairman selected from the membership by the Chairman of the Export Council with the concurrence of the Secretary. Members of the subordinate committees shall be selected by the Secretary from representatives of business and industry.

**SEC. 4. *Administrative Assistance.*** As permitted by law and as necessary to carry out the purposes of this order, the Secretary may provide or arrange for administrative and staff services, support, and facilities for the Export Council, including its executive committee and subordinate committees.

**SEC. 5. *Expenses.*** Members of the Export Council, including its executive committee and subordinate committees, shall receive no compensation from the United States by reason of their services under this order, but may, to the extent permitted by law, be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

**SEC. 6. *Federal Advisory Committee Act.*** The Department of Commerce shall perform such functions with respect to the administration of this order as may be required under the provisions of the Federal Advisory Committee Act (Public Law 92-463; 85 Stat. 770).

**SEC. 7. *Construction.*** Nothing in this order shall be construed as subjecting any Federal agency, or any function vested by law in, or assigned pursuant to law to, any Federal agency to the authority of any other Federal agency, the Export Council, or its Executive Committee and any of its subordinate committees, or as abrogating or restricting any such function in any manner.

**SEC. 8. *Revocation.*** The Interagency Committee on Export Expansion is hereby abolished and Executive Order No. 11132 of December 12, 1963, as amended by Executive Order No. 11148 of March 23, 1964, is hereby revoked.



THE WHITE HOUSE,  
December 20, 1973.

[FR Doc. 73-27035 Filed 12-20-73; 11:51 am]

PRESIDENT'S EXPORT COUNCIL MEMBERSHIP

\* Fletcher L. Byrom  
Chairman of the Board  
Koppers Company, Inc.  
Koppers Building  
Pittsburgh, Pennsylvania 15219

\*\* F. Perry Wilson  
Chairman of the Board  
Union Carbide Corporation  
270 Park Avenue  
New York, New York 10017

James H. Binns  
President  
Armstrong Cork Company  
Liberty & Charlotte Streets  
Lancaster, Pennsylvania 17604

Warner C. Brown  
President  
Hercules Incorporated  
910 Market Street  
Wilmington, Delaware 19899

Hugh Chatham  
Chairman of the Board  
Chatham Manufacturing Co.  
Elkin, North Carolina 28621

Edward W. Cook  
Chairman of the Board  
Cook Industries, Inc.  
2185 Democrat Road  
Memphis, Tennessee 38116

R. Hal Dean  
Chairman of the Board  
Ralston Purina Company  
Checkerboard Square Plaza  
St. Louis, Missouri 63188

E. Mandell de Windt  
Chairman of the Board  
Eaton Corporation  
100 Erieview Plaza  
Cleveland, Ohio 44114

J. Robert Fluor  
Chairman of the Board  
Fluor Corporation  
P.O. Box 7030  
Los Angeles, California 90022

John L. Hanigan  
Chairman of the Executive Committ  
Brunswick Corporation  
One Brunswick Plaza  
Skokie, Illinois 60076.

John W. Hanley  
Chairman of the Board  
Monsanto Company  
800 N. Lindbergh Boulevard  
St. Louis, Missouri 63166

Robert S. Hatfield  
Chairman of the Board  
The Continental Group, Inc.  
633 Third Avenue  
New York, New York 10017

\* Council Chairman  
\*\* Council Vice Chairman

Malvin C. Holm  
Chairman of the Board  
Carrier Corporation  
Box 1000  
Syracuse, New York 13201

C. William Verity, Jr.  
Chairman of the Board  
Armco Steel Corporation  
703 Curtis Street  
Middletown, Ohio 45043

John V. James  
Chairman of the Board  
Dresser Industries, Inc.  
Box 718  
Dallas, Texas 75221

Thornton A. Wilson  
Chairman of the Board  
Boeing Company  
P.O. Box 3707  
Seattle, Washington 98124

Reginald H. Jones  
Chairman of the Board  
General Electric Company  
Fairfield, Connecticut 06431

J. Paul Lyet  
Chairman of the Board  
Sperry Rand Corporation  
1290 Avenue of the Americas  
New York, New York 10019

David C. Scott  
Chairman of the Board  
Allis-Chalmers Corporation  
1205 S. 70th Street  
Milwaukee, Wisconsin 53214

Mark Shepherd, Jr.  
Chairman of the Board  
Texas Instruments Inc.  
Mail Station 236  
Box 5474  
Dallas, Texas 75222

## State/Commerce Commercial Relationships

**Background:** Until the Reorganization Act of 1939, the Department of Commerce (DOC) administered the Foreign Commerce Service of the United States; however, since that time, the DOC in its support of the U.S. business community has had to rely on the unified Foreign Service of the United States which is administered by the Department of State (DOS). The Foreign Service under the DOS has been dominated by political and consular program demands which have been consistently and traditionally the major responsibilities of the DOS. In the view of the U.S. business community and the DOC, the DOS has not given the proper program emphasis and resource allocation to international commercial and economic program activities within the unified Foreign Service. Accordingly, the DOC should seek to assume majority responsibility for management-related matters which directly affect economic/commercial functions of the Foreign Service.

**Issue:** The DOC has primary international program responsibilities in the fields of business support, trade promotion, trade policy, and investment for which the DOC has received inadequate support from the Foreign Service as administered by the DOS.

**Analysis of Issue:** There are numerous program deficiencies which could be analyzed and related to the primary issue; however, those factors of greatest immediate concern are: (1) The DOC's requirement for full participation in the management of economic/commercial operations of the unified Foreign Service. (2) The DOC is not directly represented at the DOS (Deputy Under Secretary for Management) in making the final determination of Foreign Service resource allocations and budgetary expenditures. The DOC should press for such representation as its international commercial programs are dependent upon Foreign Service staffing and, to a large degree, DOS funding. (3) The DOC and the DOS should improve the State/Commerce (Personnel) Exchange Program in terms of proper balance of personnel exchangees for executive and career development purposes so that both Departments may establish an improved reservoir of experienced employees to fill key international commercial positions. (4) The DOC funds and is

held responsible for the management and operation of the overall Trade Center program. Therefore, the DOC should have final approval of all Trade Center personnel assignments. Presently the responsibility for the staffing of the sixteen overseas Trade Centers is shared by the DOC and the DOS. The Centers are staffed by a mix of Foreign Service personnel and General Schedule employees of the DOC.

- Schedule:
- (1) During the second quarter of FY 1977, it is recommended that a meeting be held between the Secretaries of the Departments of State and Commerce to express DOC concern that it fully participate in the management of the overseas economic/commercial operations of the Foreign Service.
  - (2) A request is presently pending to State's Deputy Under Secretary for Management that the DOC be represented in making the final determinations related to Foreign Service resource allocation. If this issue is not resolved in accordance with DOC's pending request, it should be on the agenda at the above recommended Secretarial meeting.
  - (3) Prior to July 1977, negotiate a new State/Commerce Exchange Agreement to assure a continuing personnel source to meet DOC's staffing needs of its international programs.
  - (4) During the second quarter of FY 1977, it is recommended that the Secretary of Commerce negotiate with State for final approval of all Trade Center personnel assignments.

Note: The current State/Commerce review of DOS/DOC commercial activities, reported under Administration, should provide additional insights and recommendations relevant to this problem.

## MATERIALS POLICY AND FEDERAL ORGANIZATION FOR MATERIALS POLICY

### Background

There is increasing interest in resources and raw materials issues, in establishing a coordinated National materials policy, and in organization of the Executive Branch to deal with materials policy. Resources/materials policy has been of concern for a number of years. Both the Paley Commission (1952) and the National Commission on Materials Policy (1973) addressed materials policy issues and made general recommendations for actual policy and Federal organization, while the Mining and Minerals Policy Act of 1970 (P.L. 91-631) gives the Secretary of the Interior very broad responsibilities for fostering and encouraging development of domestic mining and resource recovery industries. The principal recent interest has been in the aftermath of short supply problems during the 1973-74 period, the Arab oil embargo of 1973-74, and growing fears over supply and price stability for import-dependent commodities. Several proposals have been made for Federal reorganization, ranging from strengthening the capabilities of line agencies (e.g., Commerce or Interior) to creation of a new Department of Energy and Natural Resources or creation of a centralized coordinating organization in the Executive Office of the President.

In addition to organization, considerable interest has been generated in material policy issues, including the use of Federal economic stockpiles to prevent supply disruptions, Federal policies for stockpiling of strategic and critical materials for military emergency, the impact of environmental regulation upon materials-producing capacity, Federal land use policy, and recycling.

The National Commission on Supplies and Shortages is examining a number of materials-related issues and is expected to complete its report by the end of 1976, thus providing new impetus for continued interest in 1977.

The Resource Conservation and Recovery Act of 1976, designed to foster recycling and disposal of solid and hazardous waste, provides a number of new responsibilities for the Department of Commerce.

### Issue

The principal issue involves Federal organization for collecting and analyzing information on resources and materials



problems and for the formulation of materials-related policy. At issue is whether centralization of such capabilities or strengthening of existing agencies would provide the most efficient and effective mechanism for materials activities.

With respect to actual policies themselves, issues such as economic stockpiling or prevention of domestic shortages, generally involve maintenance of long-term stable supplies of industrial raw materials and development by the private sector of capacity to produce these materials. These issues generally entail choices about the degree of Federal involvement in the private sector, the utility of Federal programs to accomplish this goal, and an understanding of the role of Federal policies on materials supply.

### Analysis of Issue

The Department of Commerce position has been that, in fact, there are very few direct materials policies. Instead, there are a wide variety of Federal policies that have an impact upon materials supply and demand. These are implemented by a number of Federal agencies and include: macroeconomic policies, trade and international economic policies, export administration, stockpiling acquisitions or disposals, environment and occupational, health and safety requirements, land use, and taxation. Centralization of these diverse activities would not result in the desired goal, but coordination of Federal policies in terms of their impact upon materials supply or capacity would.

The National Commission on Supplies and Shortages has recognized this and is expected to make recommendations that would strengthen the capabilities of existing line agencies for materials data and policy analysis while modestly strengthening micro-level analysis capabilities in the Executive Office. The Commerce Department also has emphasized the need for maintaining expertise and knowledge in individual commodities or industries in micro-level analysis.

### Schedule

The National Commission on Supplies and Shortages will complete its report by the end of 1976.

Proposals dealing with Federal organization and materials policy issues are likely to be introduced during the 95th Congress and throughout calendar year 1977.



## ECONOMIC HEALTH OF THE AEROSPACE INDUSTRY

### Airlines/Commercial Jet Transport Manufacturing

#### Background

U. S. airlines employ 300,000 workers and represent a capital investment of \$16 billion. In 1975 scheduled operators carried 205 million passengers 163 billion miles. They transported 4.8 billion ton miles of freight - a 2.5% decline from 1974 - and moved 80% of the inter-city first class mail. On this carriage, their net loss totaled \$84 million.

These carriers moved into the black during the first half of 1976 when the 11 major operators posted a traffic gain of 11.7%. For 1976 total industry profits may reach \$300 million. Whereas most analysts agree that the carriers will further increase their earnings for several years, insufficient funds will accrue to finance purchase of the new aircraft the lines will require for replacement, to meet noise standards and for future traffic growth.

Traditionally dependent on the domestic airlines for the bulk of their sales, manufacturers of U.S. jetliners exported 65% of their production in 1975. The firm order backlog has fallen to approximately 370 transports, 70% below the backlog of 1,234 planes in 1969. The builders - with assets of approximately \$25 billion - have not undertaken a new U.S. jet transport project since 1971, limiting subsequent production efforts to derivatives of current models. Reflecting this situation, employment in the jet transport manufacturing segment of the industry will fall to around 44,200 by the end of 1976 - down 65% from the 126,200 of 1968.

Since World War II, the U.S. has produced the great majority of civil transport aircraft in use worldwide. As late as June 30, 1976, U.S.-built turbo jet-powered aircraft constituted 84% of the total air transports in use or on order by the world's airlines - excepting Aeroflot, the Russian national airline. Erosion of this position has begun.

To improve foreign market position, U.S. aerospace companies have entered into "offset" arrangements or shared production agreements. During 1975, transport aircraft produced in the U.S. contained over 14% foreign content in terms of value. Movement abroad of joint manufacturing ventures constitutes the next step. Already a French manufacturer has teamed with McDonnell Douglas to produce in France the Mercure 200, a 174 seat medium-range jet transport fitted with 2 GE/SNECMA CMF56 engines. Another engine joint venture between Pratt & Whitney and Rolls Royce will produce "10-ton" engines for new aircraft and retrofit of existing aircraft.

## Issues

1. Source of funds required by airlines for:
  - (a) The purchase of aircraft needed for replacement and future traffic growth; and
  - (b) Purchase of new aircraft or retrofitting of existing planes to meet fleet noise standards.
2. Source of funds required by the commercial transport manufacturing industry to:
  - (a) Finance the R & D required to assure continued U.S. technological superiority;
  - (b) Finance the development - estimated cost \$2 billion - of a new high technology narrow-bodied super critical wing jet transport; and
  - (c) To reverse the movement abroad of airframe and engine manufacturing.

## Analysis of the Issue

U. S. airlines continue their efforts to secure CAB approval for rate increases necessary to cover increased operational costs.

On November 18, 1976, Secretary Coleman announced that the domestic U.S. commercial aircraft fleet must meet Part 36 Noise Standards by 1985. Unresolved questions remain relative to retrofit or replacement of the 1,600 older aircraft currently in use which fail to meet the new standard.

Sales of used aircraft and increased operating revenues will improve airline cash flow and assist in generating funds required for the purchase of new aircraft. Investigation of the feasibility of government loans and of government guaranteed loans continues. In addition, serious consideration is going to transfer of a portion of passenger/cargo user charges now flowing to the Airport and Airways Fund.

Competent authorities estimate the world requirements of new transport aircraft in the period 1977-1985 will range from \$40 to \$50 billion. Maintenance of the U.S. world leadership position in the supply of jet transports to the Free World's commercial air fleet requires development of a new, high technology, narrow-bodied super critical wing jet transport.

## Schedule

Secretary Coleman has scheduled hearings on December 1, 1976 to discuss financing the aircraft noise reduction program. A report on the hearings will go forward to the President on or before March 3, 1977. Should incorporated recommendations involve Federal assistance to the airlines, Congressional action must follow.

## U.S./Canadian Automotive Products and Parts Trade Imbalance

### Background

With the objective of freeing up intercountry trade and avoiding a costly trade war, the U. S. and Canada negotiated the U.S./Canada Automotive Products Trade Agreement during 1964. President Johnson and Prime Minister Pearson signed the Executive Agreement at Johnson City, Texas on January 16, 1965. Duty free importation of Canadian automotive products retroactive to January 1, 1965 followed enactment of PL 89-283 on October 21, 1965.

The Agreement has brought benefits to both nations. Total two-way trade has grown from \$716 million in 1964 to over \$14 billion in 1975 (Appendix A). Canada's share of North American Automotive Industry production now stands at 13% versus consumption of 11%. Canadian employment in assembly operations has increased 9% over the life of the Agreement; in parts manufacture, 16%.

The traditional U.S. favorable trade balance in automotive products swung into deficit as the participating companies developed additional production in Canada. During this period Canada rejected U.S. proposals for elimination of "transitional" safeguards. In 1973, the balance moved into surplus again. Substantial surpluses followed in 1974 and 1975.

The net favorable balance in 1975 of \$1.8 billion results from a surplus of \$2.4 billion in parts trade and a \$.6 billion deficit on assembled vehicles. As in 1974, the substantial surplus in parts trade resulted from reduced economic activity in the U. S. rather than an explosive increase in U. S. exports. As the health of the U. S. sector improved, the flow of Canadian parts has increased and the U.S. overall surplus has decreased. Figures for total automotive products trade through July 1976 show an unfavorable Canadian trade balance of \$610 million compared to \$1 billion for the same period in 1975 (Appendix B).

### Issue

As one facet of its program to bring its international accounts into balance, Canada seeks to reduce its unfavorable balance in automotive products trade with the U.S. In this effort primary attention is going to that portion of the deficit for which automotive parts account - \$2.4 billion in 1975.

### Analysis of Issue

Through the Agreement the Canadians have achieved their objectives of increased vehicle production and employment in Canada with safeguards. The resulting integrated North American Automotive Industry has, essentially, allowed free market forces to operate across the border. Through statements to the press and in public forums,

Government of Canada and Canadian industrialists have declared their continuing support for the Agreement.

The great majority of Canadian parts production is concentrated in the Province of Ontario. Although total parts production and parts exports have increased under the Agreement, Government of Ontario is bringing pressure - in part, political - on the Federal Government to correct the imbalance in parts trade.

Ontario supports appropriate amendment of the Agreement or some other intergovernmental action to assure a greater share of the parts market for Canadian producers. Any such action would affect production and employment in the U.S. parts and components industry and introduce additional rigidities in U.S./Canadian trade in automotive products.

#### Schedule

We can reasonably expect Government of Canada - under provisions of the Agreement - to seek a Joint Review of parts trade within the North American Automotive Industry. Such a request will probably reach Washington, D.C. during the first quarter of 1977. The Joint Review will then commence during the second quarter of 1977.

#### Appendices

- A - United States - Canada Trade Automotive Products, 1964, 1969-75  
U.S. Imports - Canadian Imports
- B - United States-Canada Trade in Automotive Products 1976<sup>1/</sup> - 1975  
U.S. Imports - Canadian Imports in Transaction Values

United States - Canada Trade - Automotive Products, 1964, 1969-75  
U. S. Imports - Canadian Imports

	Millions of U. S. Dollars							
	1964	1969	1970	1971	1972	1973	1974	1975 1/
U. S. exports 2/								
Cars	34	732	631	985	1,075	1,439	1,657	2,142
Trucks	23	244	263	334	504	643	916	922
Parts	577	2,134	2,019	2,448	2,866	3,552	3,980	4,409
Sub total	634	3,110	2,913	3,767	4,445	5,634	6,554	7,472
Tires and tubes	6	34	23	36	51	92	223	170
Total exports	640	3,144	2,936	3,803	4,496	5,726	6,777	7,643
U. S. imports								
Cars	18	1,537	1,474	1,924	2,065	2,272	2,595	2,809
Trucks	4	560	564	587	713	789	887	917
Parts	49	959	1,080	1,481	1,795	2,172	1,997	2,008
Sub total	71	3,056	3,118	3,992	4,573	5,233	5,479	5,734
Tires and tubes	5	5	14	8	22	68	65	67
Total imports	76	3,061	3,132	4,000	4,595	5,301	5,544	5,801
Net balance	+563	+83	-196	-197	-99	+426	+1,233	+1,842

Memo entry

Snowmobiles included in truck exports above	-	6	12	22	33	30	33	38
Snowmobiles included in truck imports above	-	111	141	124	104	66	35	28

1/ Preliminary

2/ Canadian import data. Parts exports (Canadian imports) adjusted to exclude tooling charges in millions of U.S. dollars as follows: 1969-\$75; 1970-\$98; 1971-\$68. 1972-\$85; 1973-\$68; 1974-\$128; 1975-\$38.

Note: Data exclude U.S.-Canadian trade in materials for use in the manufacture of automotive parts.

Data are adjusted to reflect transaction values for vehicles.

\$1.00 Canadian = \$0.925 U.S., 1964-69; \$0.958 U.S., 1970; \$0.990 U.S., 1971; \$1.009 U.S., 1972; \$0.9997 U.S., 1973; \$1.02246, U.S., 1974; \$.984001, U.S. 1975.

Source: U.S. Department of Commerce

United States-Canada Trade in Automotive Products 1976<sup>1/</sup> - 1975  
(U.S. Imports - Canadian Imports in Transaction Values<sup>2/</sup>)

(Millions of U.S. Dollars)

	July		Cum. Jan. thru July	
	1976	1975	1976	1975
U.S. Exports <sup>3/</sup>				
Cars	126.3	132.8	1,311.1	1,132.2
Trucks	89.4	82.2	582.1	542.7
Parts	332.5	297.6	3,185.5	2,465.7
Sub-total	548.2	512.6	5,113.6	4,140.6
Tires and tubes	5.8	12.6	77.1	110.1
Total exports	554.0	525.2	5,190.7	4,250.7
U.S. Imports				
Cars	181.9	175.9	2,052.9	1,613.7
Trucks	94.0	66.5	781.0	531.1
Parts	276.7	146.4	1,660.6	1,014.4
Sub-total	552.6	388.8	4,494.5	3,159.2
Tires and tubes	16.7	5.8	85.8	31.9
Total imports	569.3	394.6	4,580.3	3,191.1
Net balance	-15.3	+130.6	+610.4	+1,059.6
Memo entry				
Snowmobiles in exports of trucks above	2.3	2.6	9.1	12.4
Snowmobiles in imports of trucks above	3.6	2.4	8.4	11.0

1/ Preliminary and subject to revision.

2/ US imports are FAS or transaction values as published by Bureau of the Census. Canadian automotive imports are valued on similar basis.

3/ Canadian import data converted to U.S. dollars: C\$1.00=US\$1.0286, July 1976; C\$1.00=US\$0.977, July 1975.

SOURCE: U.S. Bureau of the Census: Statistics Canada.

NOTE: Monthly figures are preliminary and cumulative year end totals may contain annual corrections not distributed by months.

1/15/76



TELECOMMUNICATIONS - GOVERNMENT REGULATIONS -  
MONOPOLY vs. INDEPENDENT COMPETITIVE SERVICES

BACKGROUND

The regulation of telecommunications services and certain products is a function of the Federal Communications Commission (FCC) and State Commissions under the provisions of the Communications Act of 1934. (This Act was to provide the nation with a unified telecommunications network at a reasonable cost.) Their regulations can limit or encourage competition and can control the economic viability of the regulated companies by rate structure decisions. The FCC exercises control over interstate and international communications carriers and total control over U.S. civil radio frequency assignments. The various State regulatory commissions exercise economic controls over carriers within their jurisdiction.

During the late 1960's, the FCC began to introduce competition into the limited monopoly of the Bell System and some 1,600 independent telephone companies by authorizing the direct sale or lease of equipment to users on an unregulated basis and authorizing interstate-intercity private line services between fixed locations by specialized carriers. These actions are bitterly opposed by the Bell and independent telephone companies.

Prior to these decisions, interstate toll rates were based primarily on distance, rather than cost. Basic local telephone service rates were kept low, in part by charging above cost for extension telephones and business services, and by transferring some revenue from interstate toll service to local telephone companies. The FCC's authorization of competition from specialized common carriers, and sale of interconnect equipment, pressures the telephone companies toward cost-based rates. There is much controversy concerning how high some rates might have to go. In general, economists favor cost-based rates, but many State regulatory commissions prefer rates based on judgmental and political factors (value of service based rates), as we have had in the past.

ISSUE

At issue is whether the public will receive better and more economical telecommunications service from a regulated quasi-monopoly (the Bell System and the independent telephone companies) or through the introduction of competing carriers into the domestic telecommunications industry and authorization for the interconnection to the telephone network of switchboard and terminal equipment not owned by the telephone companies.

Some of the specific items within the issue that require Departmental policy and economic analysis are:



- Alleged increase of local service rates by as much as 75 percent as competition syphons off telephone company revenues.
- Duplication of investment and resources.
- Division of responsibility and management for end to end services.
- Ability to ensure standardization and interchangeability of basic telephone equipment.
- Terms and conditions of access to national telephone network - FCC or State level.
- Impact upon R&D and innovation in a regulated industry.

#### ANALYSIS

As a consequence of technological innovation and entrepreneurial motivation, the precepts of the Communications Act of 1934 are being challenged. In particular, the FCC's role in encouraging competition in the domestic telecommunications industry is under attack by the telephone industry. The telephone industry bases its' arguments on the need to ensure the technical integrity of the National Telecommunications Network and the claim that the diversion of revenues from large commercial users to competing specialized carriers will create an adverse economic impact on the individual telephone subscribers nationwide.

The telephone industry and other groups, including labor, are supporting legislation to remedy the problems introduced by the FCC's regulatory policies. During the past session of Congress, numerous bills entitled the "Consumer Communications Reform Act of 1976" were introduced by some 192 sponsors and co-sponsors.

The thrust of these bills is to reaffirm the intent of the Communications Act of 1934: (1) by reaffirming the authority of States to regulate the interconnection of customer provided equipment; (2) to prevent duplication of services by prescribing standards governing FCC authorization of companies that would provide intercity private line services; and (3) by assuring true competition between firms authorized to provide intercity private line service by requiring that no competitive rates be denied on the basis of being too low if they are compensatory in terms of the costs involved.

Proponents of this legislation are the Bell and independent companies, the National Association of State Regulatory Commissioners, the labor unions representing telephone workers, FCC Commissioner Benjamin Hooks, and Professor Eugene U. Rostow of Yale Law School and Chairman of the 1967-68 Presidential Task Force on Communications Policy. The U.S. Department of Defense is also expected to favor the bills.

Opponents are the present Chairman of the FCC; the ad hoc Committee for Competitive Telecommunications; the North American Telephone Association; and various specialized communications carriers, such as: MCI, USTS, Southern Pacific, RCA Global, American Satellite, and Satellite Business Systems.

The FCC is endeavoring to develop a data and analysis base to reach a conclusion on the question of competition and the public interest. This requires unique and specialized skills, and is of such magnitude as to severely tax the capability of the Commission's limited staff.

In addition, however, to the immediate question of regulated monopoly vs. competition in the domestic telecommunications industry, a revision of the Telecommunications Act of 1934 must address itself to impact of technological advancement on the structure of the industry. Historical concepts are being outmoded. For example: the line of demarcation between telecommunications and computers is rapidly vanishing. One, but yet, a major point is the revolutionary change in production technology now being evidenced in the manufacture of telephone switching equipment. This equipment represents 30 to 40 percent of telephone system costs. Previously switching equipment was necessarily electromechanical and required an investment in the hundreds of millions for machining parts and electrical/electronic fabrication. The advent of solid state large scale integrated circuits minimizes the need for large capital investment in machinery, and permits most product/market oriented organization to enter the switching-exchange market with a minimum of capital investment.

#### SCHEDULE

New legislation similar to the "Consumer Communications Act of 1976" as well as a revision of the Communications Act of 1934 are said to be priority items for the new Congress.