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General Accounting Office
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National Security and
International Affairs Division

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July 18, 1997

The Honorable Richard K. Arme
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: The Results Act: Observations on USTR's September 1996 Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the cabinet departments and selected major agencies for consultation with the Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This letter is our response concerning the Office of the United States Trade Representative (USTR).

Objectives, Scope,
and Methodology

Our overall objective was to review and evaluate the latest available version of USTR's draft strategic plan. As you requested, we specifically (1) assessed the draft plan's compliance with the Results Act's requirements and its strengths and weaknesses; (2) determined whether USTR's key statutory authorities were reflected; (3) identified whether discussions about interagency coordination and crosscutting functions were included; (4) determined whether the draft plan addressed major management problems; and (5) discussed USTR's capacity to provide reliable information about its performance.

We obtained the September 1996 draft strategic plan that USTR provided to the House of Representatives' staff team working with the agency on

Results Act issues. USTR told us that it is revising the plan; however, a revised draft was not available to us, and thus we based our review on the September draft plan. They said that USTR is in the process of significantly revising its draft strategic plan since our review began and that they are confident that USTR will meet the September 30, 1997, statutory deadline for completing the plan and submitting it to Congress.

Our overall assessment of USTR's plan was generally based on our knowledge of USTR's operations and activities, our reviews of international trade initiatives, and other information available at the time of our assessment. Specifically, the criteria we used to determine whether USTR's draft strategic plan complied with the requirements of the Results Act were the Results Act itself, supplemented by the Office of Management and Budget's (OMB) guidance on developing the plans (Circular A-11, Part 2). To make judgments about the overall quality of the plan and its components, we used our May 1997 tool for congressional review of the plans.¹ To determine whether the plan contained adequate information on interagency coordination and addressed management problems, we relied on our general knowledge of USTR's operations and activities and our previous reports. A list of our major products related to USTR is at the end of this letter.

Background

The U.S. Trade Representative acts as the principal trade advisor, negotiator, and spokesperson for the President on trade and related investment matters. As chair of an interagency structure, USTR coordinates trade policy through the Trade Policy Review Group and the Trade Policy Staff Committee. These groups, composed of 17 federal agencies and other offices, make up the subcabinet mechanism for developing and coordinating U.S. government positions on international trade and trade-related investment issues.² USTR negotiates international trade agreements like the North American Free Trade Agreement (NAFTA) and the Uruguay Round Agreements that created the World Trade Organization (WTO). USTR is responsible for representing U.S. interests in international trade organizations like the Asia Pacific Economic Cooperation forum as well as the many bodies created to oversee implementation of agreements like NAFTA and the WTO agreements. The private sector plays a continuing consultative role in these trade policy functions through advisory committees. The agency also has administrative responsibilities to enforce

¹Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review (GAO/GGD-10.1.16, May 1997).

²These agencies include the Departments of Agriculture, Commerce, State, and the Treasury and OMB.

U.S. trade laws, including the monitoring of foreign trade practices. For example, the agency is responsible for administering a “section 301” process that authorizes USTR to investigate and respond to unfair foreign trade practices.

There is close consultation between USTR and Congress. Five Members from each House are formally appointed under statute as official congressional advisors on trade policy, and additional Members may be appointed as advisors on particular issues or negotiations. Communication between the agency and Congress takes the form of written reports, testimony, and briefings on trade issues.

USTR is a small agency compared to some others covered by the Results Act. Its fiscal year 1996 budget was about \$21 million for necessary expenses, of which about \$15 million, or over 70 percent, was for personnel compensation and benefits; \$2 million for travel; and \$4 million for rent, communications, utilities, and other services. USTR had a full-time equivalent employment level of 161 staff in 1996. The agency has offices in Washington, D.C., and in Geneva, Switzerland.

The Results Act dictates that agency strategic plans include six required elements. These elements are (1) a comprehensive mission statement; (2) agencywide long-term goals and objectives for all major functions and operations; (3) the means the agency will use to achieve the goals and objectives and the various resources needed to do so; (4) the relationship between the long-term goals/objectives and the annual performance goals; (5) key factors external to the agency and beyond its control that could significantly affect achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

It is important to recognize that under the Results Act, USTR’s final strategic plan is not due until September 1997. Furthermore, the Results Act anticipated that it may take several planning cycles to perfect the process and that the final plan would be continually refined as various planning cycles occur. Thus, our comments reflect a snapshot status of the plan at a given point in time. We recognize that developing a strategic plan is a dynamic process and that USTR is continuing work to revise the draft with input from OMB, congressional staff, and other stakeholders.

Results in Brief

USTR's draft strategic plan of September 1996 is incomplete and will require considerable revision before it meets all of the Results Act's requirements and OMB's guidelines. The draft plan meets the requirements of the Results Act in only two of six areas. Specifically, the plan provides a mission statement and key external factors that could affect achievement of agency goals. However, the plan does not meet the requirements for presenting general goals and objectives or for describing how they will be achieved or how they relate to performance goals and program evaluations. Furthermore, the plan does not follow the detailed OMB guidance for drafting strategic plans in many respects. The plan can be improved in additional areas, as well.

USTR's plan does broadly cover all the agency's major statutory functions. We believe it could be improved by explicitly reflecting the agency's growing responsibility for monitoring foreign governments' compliance with trade agreements.

This version of USTR's plan includes the agency's crosscutting activities but does not reflect the results of consultations with interested parties, including other federal agencies. The draft plan acknowledges this omission, and USTR officials told us that these consultations were taking place. Coordination is an important part of USTR's mission, and Congress has been concerned with fragmented organization of trade functions among various agencies.

USTR's draft plan describes a serious management challenge that the agency will face during 1997-2002 but does not contain a strategy for dealing with that challenge. According to the plan, the agency must manage growing workloads with reduced resources, but the plan does not indicate how it will respond to this challenge.

We have not done any work to assess the agency's capacity to provide the data necessary to measure progress in achieving any goals and objectives nor whether its information systems need to be improved to allow it to do so. Once USTR refines the plan's goals and objectives, it will need to evaluate its ability to gather the information essential to measure its progress in achieving its goals and objectives.

USTR's Plan Does Not Reflect Key Results Act Requirements

USTR's September 1996 draft plan does not meet the requirements of the Results Act in four of six areas. Furthermore, it does not completely follow the more detailed OMB guidance for drafting strategic plans. The agency's mission statement meets the act's requirements, and it is clear and

comprehensive, though USTR could better explain how its activities help the general public. USTR's draft plan contains no explicit general goals and objectives. Instead, the plan describes nine "lines of business" for the agency and, for each line of business, several "critical success indicators." These implicit goals and objectives do not follow OMB guidelines because they are not stated in a manner that allows a future assessment of whether they are being achieved. USTR does not identify the approaches or strategies it intends to use to achieve the lines of business nor what resources will be used to do so, as is required. The draft plan lists performance goals but does not (1) describe how those performance goals are related to the lines of business or any general goals and objectives or (2) outline their relevance and use in measuring the agency's achievements, as called for by the Results Act and OMB guidelines. USTR does identify budget and staffing constraints and increased workload that could affect its plan, as required by the act. Yet, the plan does not follow OMB guidance for linking these key external factors to specific goals. USTR may want to consider including other external factors that could affect its plan as well, such as other countries' willingness to agree to U.S. positions in trade negotiations. Further, the draft plan does not address the requirements regarding program evaluations. Table 1 shows the Result Act's required components and summarizes the extent to which USTR's plan discusses those components.

Table 1: Strategic Plan Components Listed by the Results Act and Extent of Coverage in USTR's September 1996 Draft Strategic Plan

Strategic plan components	Extent of coverage
1. Comprehensive mission statement covering the major functions and operations of the agency	Mission statement is clear and comprehensive and generally meets the Result Act's requirements.
2. General goals and objectives	USTR instead presents nine "lines of business" and "critical success indicators"; these are not stated in a manner that allows an assessment of results.
3. Description of how goals and objectives are to be achieved	Draft plan does not explain approaches, strategies, or use of resources to achieve USTR's general goals/lines of business
4. Description of how the performance goals included in the plan shall be related to the general goals and objectives in the plan	Performance goals are listed for each line of business but lack the required descriptions and linkages to lines of business/general goals.
5. Identification of key factors external to the agency and beyond its control that could affect achievement of general goals and objectives	Two external factors are discussed but are not linked to specific goals and objectives per OMB guidelines. Other factors could be considered.
6. Description of the program evaluations used to establish/revise strategic goals, with schedule for future program evaluations	Not discussed.

Sources: The Government Performance and Results Act of 1993 and USTR's draft strategic plan for September 1996.

Mission Statement Meets Results Act's Requirements

The first of the six Results Act requirements is that strategic plans contain agency mission statements that are comprehensive and cover agencies' major functions and operations. OMB Circular A-11, Part 2, states that these mission statements should be brief and define the basic purpose of the agency, with particular focus on its core programs and activities. Additionally, our May 1997 tool for congressional review of agencies' strategic plans suggested that Congress ask whether an agency's mission statement is focused on results, fulfills a clear public need, and is differentiated from the missions of other federal agencies with similar functions.

USTR's draft mission statement generally meets these criteria and is generally clear and comprehensive. The mission statement says that USTR is to "coordinate the development of United States foreign trade policy, lead the negotiation and enforcement of international trade policy and

direct investment agreements, and provide leadership for the international trading system.” It also states that USTR will “produce trade agreements and undertake enforcement activities that reduce distortions and barriers to U.S. international trade and direct investment.” By referring specifically to its coordinating role in trade policy-making and its lead role in negotiating and enforcing trade agreements, USTR has tried to differentiate its mission from the missions of other agencies engaged in trade-related activities.

However, we believe that one aspect of USTR’s mission statement could be improved. According to the mission statement, USTR’s trade agreements and enforcement activities are to “help carry out objectives of the President and the Congress to promote higher average labor productivity, better paying jobs, increased living standards and economic growth for all Americans.” We believe that it would not be possible to measure USTR’s contribution to achieving these outcomes and that this statement should therefore not be a part of USTR’s mission. A USTR official told us that this part of the mission statement received much criticism when USTR circulated its draft plan within USTR and likely would be revised. In its final plan, USTR may wish to restate the basic purpose of the agency in a more results-focused way that directly links the agency’s actions to the public it serves. For example, the plan could state that the agency helps to open foreign markets to goods and services provided by U.S. workers by identifying and eliminating trade barriers, helping to establish international trade rules, and enforcing U.S. trade rights for U.S. business.

No Explicit General Goals and Objectives

Strategic plans set out the long-term programmatic, policy, and management goals of the agency. OMB Circular A-11, Part 2, provides that agency plans should state general goals in a manner that allows a future assessment to be made of whether these goals are being achieved.

USTR’s draft plan contains no explicit general goals and objectives. Instead, the plan describes nine “lines of business” for the agency. The nine lines of business are to

- develop and analyze U.S. government trade policies, initiatives, and negotiating positions;
- coordinate the development and implementation of U.S. trade policy;
- negotiate trade agreements and solutions to trade problems affecting U.S. interests;
- enforce and defend U.S. trade and direct investment rights and obligations;

- administer trade laws and programs as stipulated by Congress and delegated by the President;
- provide advice and counsel to the President, Congress, and U.S. interests on trade and investment problems, both general and specific;
- communicate U.S. trade policy to the public;
- lead U.S. representation in international trade forums; and
- maintain effective internal management systems and practices to ensure productive agency employees.

In addition, for each line of business, the draft plan lists several more specific “critical success indicators”—a total of 34 indicators in all. The draft plan’s critical success indicators are more specific and more results oriented than the lines of business, and many relate to trade policy or negotiating objectives. In our judgment, neither the lines of business nor the critical success indicators meet the OMB guidance.³ The lines of business describe the major activities that USTR engages in, but not all are stated in a manner that allows for assessment. For example, the USTR line of business to “develop and analyze U.S. government trade policies, initiatives, and negotiating positions” is too vague to permit one to determine when it has been achieved. Similarly, the critical success indicators for this line of business are also vague. For instance, one indicator is the extent to which “U.S. trade policy contributes to broadening and strengthening the global trading system.” It is unclear how USTR could measure such a “contribution” and thus its success based on this indicator. We believe the USTR plan would allow assessment of the agency’s results if it more clearly identified the aims of its activities.

No Description of How Lines of Business or Any General Goals and Objectives Will Be Achieved

USTR’s plan does not identify the approaches or strategies the agency intends to use to implement its lines of business or any general goals and objectives. Under the Results Act, strategic plans are required to contain strategies that briefly describe how agencies will achieve their mission, that is, the operational processes, staff skills, and technologies, as well as the human, capital, information and other resources needed to meet the general goals and objectives of the plan. Additionally, according to OMB Circular A-11, Part 2, strategies should also outline how USTR will communicate strategic goals throughout the organization and hold managers and staff accountable for achieving these goals.

³We note that the performance goals presented in USTR’s plan (which we discuss below) to some extent resemble general goals in their level of specificity.

USTR's draft plan does contain brief descriptions of the agency's resources. The background section presents the agency's organizational structure, budget, and staffing levels. Also, the plan includes a line of business to "maintain effective internal management systems and practices to ensure productive agency employees" that offers some general description of USTR staff skills and technology. Yet the plan does not explain how resources will be used to achieve agency goals and objectives in terms of who will do what, when, and how. The plan also does not state how managers and staff are to be held accountable for achieving the goals.

Also, the plan is not specific as to any particular trade policy, trade negotiating, or trade enforcement strategies. For example, the line of business to "negotiate trade agreements and solutions to trade problems affecting U.S. interests" and its four critical success indicators do not refer to any ongoing multilateral or bilateral trade negotiations, nor do they identify any trade disputes or even any particular U.S. sectoral interests that should be protected. USTR is statutorily required to list annual trade policy objectives and priorities in a yearly report to Congress. The 1997 report is fairly specific and includes strategies like completing Free Trade of the Americas negotiations by 2005 and phasing out tariffs worldwide on information technology products by 2000.⁴ USTR has enunciated other substantive strategies elsewhere, as well. For example, USTR identifies trade expansion priorities in its annual "Super 301" review and report. Also, USTR issued a report in April 1997 titled Future Free Trade Area Negotiations: Report on Significant Market Opening, pursuant to NAFTA implementing legislation.⁵ This report identifies which markets have the greatest potential to increase U.S. exports of goods, services, and export-related investment. We believe that in order to more specifically identify the approaches or strategies the agency intends to use to implement its general goals and objectives, USTR should consider incorporating into its strategic plan those strategies it has enunciated elsewhere.

⁴1997 Trade Policy Agenda and 1996 Annual Report of the President of the United States on the Trade Agreements Program (Washington, D.C.: The White House, Mar. 1997).

⁵See section 108 (b)(2), P.L.103-182, Dec. 8, 1993.

No Description of How Annual Performance Goals Will Relate to Lines of Business or Any General Goals

Under the Results Act, a strategic plan must contain a description of how the performance goals included in each agency's annual performance plan are related to the strategic plan's general goals and objectives. Agencies are required to prepare annual performance plans with specific performance goals, beginning with the performance plan for fiscal year 1999. Without this linkage, Congress may not be able to judge whether an agency is making progress toward achieving its long-term goals. OMB guidance states that strategic plans should briefly outline (1) the type, nature, and scope of the annual performance goals to be included in the performance plan; (2) the relation between the annual performance goals and the general goals and objectives; and (3) the relevance and use of annual performance goals in helping determine the achievement of general goals and objectives.

The draft plan actually lists performance goals under each USTR "line of business" but does not describe how those performance goals are related to these business lines or any general goals and objectives. Similarly, the draft USTR plan does not provide a general outline of the performance goals. Thus, USTR's final strategic plan should, at a minimum, explain the relationship between the annual performance goals and any general goals and objectives and how the performance goals are relevant and are to be used in determining a level of achievement.

In addition, we believe that the performance goals as listed in the September 1996 draft plan, if used in the annual performance plans which begin in 1999, would not allow USTR to annually measure its progress toward achieving goals and objectives. Many of the listed performance goals are vague and would be difficult to use to make judgments about the agency's progress. For example, the performance goals presented to judge progress toward USTR's line of business to "lead U.S. representation in international trade fora" include measuring (1) "the degree to which U.S. positions are reflected in final agreements and understandings in these fora" and (2) "the extent to which the American public perceives that U.S. leadership in these institutions is an important means of ensuring that U.S. interests are protected and advanced." However, it is unclear how USTR or Congress could realistically measure the inclusion of U.S. positions and public perceptions as the plan is now written.

Key External Factors Are Identified but Not Linked to Lines of Business or Any General Goals

The Results Act requires that strategic plans identify key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives. OMB Circular A-11, Part 2, states that strategic plans should briefly describe each factor, indicate its link with a particular goal(s), and describe how achievement of a goal could be affected by the factor.

USTR's draft strategic plan describes two external factors that have affected its ability to carry out its mission, though they are not explicitly labeled as external factors. The first is a growing workload as a result of increased statutory responsibilities. The second is declining budgets and staffing in recent years. However, the USTR plan does not link these factors to particular goals as called for by OMB guidance and does not discuss the extent to which these or other external factors could affect USTR in the future—that is, during 1996-2002, the years covered by the plan. Further, we believe that USTR's plan does not contain a thorough treatment of resource and workload issues because it does not address the implications of these issues on the agency's work. See the next section for a more detailed discussion.

In addition, we believe USTR could improve its plan by acknowledging at least two other key external factors. First, much of the success of USTR's work depends on the actions of other parties. For example, international trade negotiations and disputes can be successfully resolved only if other foreign governments agree. A foreign government's willingness to agree to U.S. positions may depend on the country's economic and other domestic conditions over which USTR has no control.⁶ Therefore, the ability of USTR to meet some of its objectives regarding these activities is outside of its control. Second, U.S. trade policy objectives compete with other domestic and foreign policy objectives. For example, U.S. environmental regulations may create a trade dispute with another country about how they should apply to foreign parties doing business in the United States and whether they violate the terms of an international trade agreement. Therefore, some of USTR's objectives may be affected by other U.S. government actions taken for non-trade-related reasons and not controlled by USTR.

⁶Evaluating the success of international trade negotiations is complicated by the fact that, as in any negotiation, the parties reach agreement through compromise. A compromise can be construed to mean that each party's negotiating objectives were not fully met, but that is not to say that the negotiations were not successful.

No Discussion of Use of Program Evaluations to Establish or Revise Goals

Under the Results Act and OMB guidance, agencies' strategic plans are to (1) discuss how program evaluations were used to establish strategic goals and (2) lay out a schedule for conducting future program evaluations. OMB Circular A-11, Part 2, states that this section should briefly describe program evaluations that were used in preparing the strategic plan and include a schedule outlining (1) the general scope and methodology for planned evaluations and (2) the particular issues to be addressed.

As previously mentioned, USTR's draft plan lists preliminary performance goals for each line of business, which is a step toward providing program evaluation. However, the plan does not (1) mention any particular findings of program evaluations, done by USTR or others; (2) describe how such evaluations were used to establish or revise strategic goals; (3) provide information on the scope and methodologies of issues to be addressed in forthcoming evaluations; or (4) identify a schedule for when various evaluations will be done.

Other Observations

USTR's draft plan is not organized along the lines of the six required plan components, although this is not required by the Results Act or OMB. We noted this previously in our discussion of USTR's general goals and objectives. In general, to facilitate review by decisionmakers, a more useful presentation would have each required component of the plan presented in a single section, and all sections would appear in the same order as outlined in the act.

USTR's Plan Generally Reflects Its Major Statutory Functions

USTR's September 1996 strategic plan reflects the agency's principal statutory functions. The Trade Act of 1974, as amended, specifies USTR's responsibilities. Under various provisions of this act, as amended (19 U.S.C. 2171, 2411, and 2416), the Trade Representative

- has primary responsibility for developing and coordinating the implementation of U.S. international trade policy;
- has lead responsibility for conducting international trade negotiations;
- has responsibility for monitoring foreign countries' implementation of trade agreements and enforcing U.S. rights under those agreements;
- has responsibility for determining whether foreign countries are engaging in unfair trade practices and for responding to such practices;
- issues and coordinates policy guidance to other departments and agencies on basic issues of policy and interpretation arising in the exercise of international trade functions;

- is responsible for, and reports to the President and Congress on, the administration of the trade agreements program; and
- serves as the President's principal advisor and spokesperson on international trade.

Although it is not required by the Results Act, USTR's draft plan also identifies statutory authorities and outlines the history and legislative background of the agency.

While USTR's draft plan does reflect its enforcement responsibilities, it does not explicitly address the agency's responsibility for monitoring foreign countries' implementation of trade agreements. This responsibility has become larger and more important as the United States has entered into complex and comprehensive multilateral trade agreements, such the WTO Uruguay Round Agreements, which established rules and commitments covering over 130 other members. Our past work on WTO and other trade issues identified challenges in U.S. efforts to perform this function. (See list of reports at end of letter.) While USTR has recognized this growing responsibility by creating, in January 1996, an office dedicated to monitoring and enforcing trade agreements, we believe the USTR plan could better reflect this growing area of responsibility.

Plan Includes Crosscutting Activities, but Details Lacking

The Results Act requires agencies to consult with Congress and solicit and consider the views of parties affected by and interested in the strategic plans. OMB guidance further states that agencies should consult with other agencies about the treatment of crosscutting functions in their plans as part of this requirement. Our May 1997 tool suggested that Congress ask how agency strategic plans ensure that efforts related to crosscutting functions are complementary, appropriate in scope, and not unnecessarily duplicative.

USTR's September 1996 draft plan does not reflect the results of consultations with major stakeholders, and the draft plan acknowledges this omission. USTR officials told us they are in the process of concluding these consultations and incorporating suggestions. The officials stated that the USTR draft plan has been circulated for comment to the entire USTR staff, congressional Committees, numerous other federal agencies, all members of the various private sector advisory committees, and other interested parties.

Such consultations are central to the agency's mission. USTR's statutory responsibilities include coordinating several crosscutting government functions. USTR's draft strategic plan explicitly identifies two such functions: (1) to coordinate the development and implementation of U.S. trade policy and (2) to lead U.S. representation in international trade forums. As previously mentioned, USTR chairs the interagency structure for developing and coordinating trade policy through two committees, the 17-member Trade Policy Review Group and the Trade Policy Staff Committee.

However, USTR's draft plan does not reflect another legislative requirement to help coordinate trade promotion activities, a function that cuts across government agencies and that involves negotiating and enforcing trade agreements. USTR is a member of the Trade Promotion Coordinating Committee which is an interagency organization created to strengthen federal export promotion efforts. The Committee has established a governmentwide strategy for promoting U.S. exports,⁷ as directed in statute.⁸ The Committee has begun to establish governmentwide priorities for export promotion activities and to create an annual unified federal export promotion budget that reflects those priorities. As part of these efforts, the Committee has sought to develop uniform performance measures consistent with the Results Act's requirements for agency performance measures.

In our most recent assessment of the Trade Promotion Coordinating Committee's activities, we found that while the Committee has made efforts to develop these performance measures, it has yet to create measures that are sufficiently refined to influence budget reallocation decisions, which we view as an essential part of developing a unified budget.⁹ Our other work has further highlighted concerns over the fragmentation and organizational inefficiency of U.S. government trade programs, and Congress has considered several legislative proposals to reorganize the trade bureaucracy.¹⁰ We believe that USTR's plan under the

⁷Several of our reports and testimonies contributed to deliberations leading to passage and implementation of the 1992 act, including Export Promotion: Governmentwide Strategy Needed for Federal Programs (GAO/T-GGD-93-7, Mar. 15, 1993); Export Promotion: Federal Approach Is Fragmented (GAO/T-GGD-92-68); and Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

⁸Title II of the Export Enhancement Act of 1992 (P.L. 102-429, Oct. 21, 1992).

⁹National Export Strategy (GAO/NSIAD-96-132R, Mar. 26, 1996).

¹⁰Government Reorganization: Observations About Creating a U.S. Trade Administration (GAO/T-GGD-95-234, Sept. 6, 1995).

Results Act would be improved if it explicitly recognized interagency trade promotion coordination efforts.

Strategic Plan Contains No Strategy for Overcoming Challenge of Limited USTR Resources

The Results Act and OMB Circular A-11 indicate that USTR should set out the means the agency will use to achieve its goals and objectives, including a description of the operational processes, technology, and other resources required to meet them. USTR's draft strategic plan states that the most serious management issue facing the agency is how to handle growing workloads with reduced resources. The background section of the plan describes how USTR's statutory responsibilities have grown in the last 3 decades during which its resources have shrunk. In the last 5 years, the plan states that the agency's base operating costs have fallen in inflation-adjusted terms by a cumulative sum of about \$3 million and staffing authorization has declined by 5 percent since 1992. The plan also states that the number of federal employees detailed to USTR from other agencies dropped by more than one-third between fiscal year 1993 and 1996, from nearly 50 to about 30. Therefore, the plan concludes that the central management issue USTR must examine in the strategic planning process is the degree to which the agency can continue to meet its statutory mission successfully.

Yet, USTR's draft plan is silent on how the organization intends to meet the stated management challenge. USTR has only limited control over its workload, as we noted in our discussion of key external factors. This lack of control makes it imperative that USTR indicate in its final plan how the agency might increase its resources (for example, by obtaining more detailees), assign priorities and use its resources more efficiently, delegate some responsibilities to other agencies, or even ask Congress to relieve it of some of its responsibilities.

We note that one growing responsibility at USTR involves monitoring and enforcing trade agreements, notably the WTO Uruguay Round Agreements. Both USTR and the Department of Commerce have recently established enforcement offices to monitor foreign governments' compliance with trade agreements. Also, USTR officials told us that litigating WTO dispute settlement cases is consuming an increasing share of USTR resources, leaving limited time for USTR's monitoring and enforcement unit to systematically track foreign countries' compliance with WTO and other trade agreements. We believe USTR's plan would be improved if it better addressed how the agency will manage its growing workload in areas like monitoring and enforcement.

USTR's Capacity to Provide Reliable Information on Achievement of Goals Is Unknown

We have not done any work to assess the agency's capacity to provide the data necessary to measure progress in achieving any goals and objectives nor whether its information systems need to be improved to allow it to do so. Our past work, including our reviews of related Trade Promotion Coordinating Committee efforts, our knowledge of USTR activities, and discussions with USTR officials, indicates that the agency may need to begin gathering some data required to measure progress in achieving goals. USTR often relies on other government agencies to provide it with the analysis it needs to conduct its work. A first step, however, will be to refine both the general and performance goals, as we previously described. Then, the agency will need to determine which data are needed to measure success at achieving the goals and the ability of its current information systems to provide the needed data and devise a strategy for how the agency will improve its systems to provide the necessary information.¹¹

Agency Comments

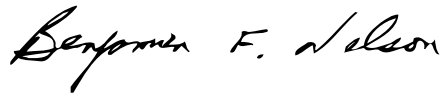
We provided a draft of this letter to USTR for review and comment on July 15, 1997. USTR officials generally agreed with our findings and analysis of their September 1996 draft strategic plan and acknowledged that it was incomplete and did not meet all of the requirements of the Results Act. The officials said that USTR has significantly revised its draft strategic plan since our review began. They have focused their efforts on restating USTR's mission and activities in measurable terms, being more specific in presenting strategies and linking the components as required by the Results Act and OMB guidance. USTR officials emphasized that the agency's senior management has been and will continue to be directly involved in drafting the strategic plan and that they considered their efforts to implement the Results Act to be important and worthwhile. They continue to consult with major stakeholders and have circulated the draft plan for comment to all USTR staff, congressional committees, other agencies, and all the members of various private sector advisory committees. USTR officials said they are confident they will meet the September 30, 1997, statutory deadline for completing the plan and submitting it to Congress.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 30 days from its

¹¹While USTR may find it necessary to use trade data to develop results measures, the uncertain reliability of U.S. trade data may make it difficult to do so. We and others have found that U.S. trade data have undercounted exports to other countries. See *U.S. Trade Data: Limitations of U.S. Statistics on Trade With Mexico* (GAO/T-GGD-93-25, Apr. 28, 1993) and *Customs Service: Trade Enforcement Activities Impaired by Management Problems* (GAO/GGD-92-123, Sept. 24, 1992).

issue date. At that time, we will send copies of this letter to the Minority Leader of the House of Representatives; Ranking Minority Members of your Committees; the Chairmen and Ranking Minority Members of other Committees that have jurisdiction over USTR activities; USTR; and the Director, OMB. Copies will be made available to others on request.

This review was done under the direction of JayEtta Z. Hecker, Associate Director. If you or your staffs have any questions concerning this letter, please contact Ms. Hecker at (202) 512-8984. Major contributors to this report are listed in enclosure I.



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Enclosure

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World Trade Organization: Observations on the Ministerial Meeting in Singapore ([GAO/T-NSIAD-97-92](#), Feb. 26, 1997).

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