
Department "Gets Down to Business" by Assisting U.S. Firms, Promoting American Exports

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On November 7, 1990, Deputy Secretary of State Lawrence Eagleburger received a phone call in his seventh-floor office from senior officials of Pan American World Airways asking for assistance.

The officials told Mr. Eagleburger that Pan Am wanted to sell five of its routes between U.S. cities and London's Heathrow Airport to United Airlines in a package deal worth about \$400 million. However, British authorities insisted that the proposed sale would require amendment of a U.S.-British aviation agreement. Mr. Eagleburger assured officials at Pan Am and United that the Department would provide all possible assistance—and it did so. Secretary of State James A. Baker, III, raised the matter with British Prime Minister John Major and Foreign Minister Douglas Hurd. Mr. Eagleburger himself met with Anthony Acland, the United Kingdom's Ambassador to the United States, to press for early British agreement to the transfer. Meanwhile, the Department's chief aviation negotiator, Charles Angevine, pursued the issue through six rounds of tough, intensive talks. All those efforts culminated in British agreement to the transfer of Heathrow service from Pan Am to United, which was announced in February 1991. On April 8, United began operating flights between Heathrow and Washington, DC, Miami, Chicago, and New York.

"The business of America," so the saying goes, "is business," and that credo is followed at the Department of State, exemplified by its work on the Heathrow negotiations. Secretary Baker has established U.S. assistance to business and expansion of American exports as top priorities for Department personnel. In a message last year to all U.S. diplomatic and consular posts, he urged diplomats "to develop programs to promote trade, solicit views of resident American business and other private sector people on trade policies and problems, and help meet the challenge of foreign competition."

"America's economic health is the country's number one national security interest," says Mr. Eagleburger. "As that trend continues, the Department will assume a greater and more vigorous role in the promotion of America's economic interests overseas."

U.S. companies must compete with foreign businesses that have the full support of their governments. "American firms should be assured that the U.S. government is interested and active on their behalf," Mr. Eagleburger declares. "Business people should know that the State Department is their friend and ally."

The Deputy Secretary has established what he calls a "bill of rights" for American business that outlines what they can expect from the Department. U.S. firms, he says, have a right to:

- Have their views heard on foreign policy issues that affect their interests;
- Be assured that the ground rules for the conduct of international trade are fair and non-discriminatory;
- Receive assistance from well-trained and knowledgeable trade specialists in each overseas mission;

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- Receive sound professional advice and analysis on the local political and business environment;
 - Receive assistance in contacts with key public and private decision-makers;
 - Receive active promotion in international bids and, in cases in which more than one U.S. firm is involved, even-handed support for all interested firms; and
 - Receive assistance in achieving amicable settlement of investment and trade disputes and, in cases of expropriation or similar action, to obtain prompt, adequate, and effective compensation.

The State Department gets down to business in carrying out the goals established by its leadership, says Eugene J. McAllister, Assistant Secretary for the Bureau of Economic and Business Affairs. "In accordance with the priorities outlined by Secretary Baker, our bureaus stress full support to U.S. business overseas," he notes. "The Department works to provide help for American businesses facing specific problems and to reinforce an institutional attitude of support and helpfulness."

Abroad, the Department's efforts include supporting individual firms as they bid for contracts overseas; negotiating with governments in other countries to expand access to their markets for American companies and working with those governments to promote free trade and lower investment barriers; finding U.S. suppliers for foreign companies; providing political, economic and cultural background on a country to business people; and meeting with American business people and groups to provide information and support. The Department also offers an array of consular, medical, and educational services to Americans living or doing business abroad.

At home, the Bureau of Economic and Business Affairs maintains liaison with U.S. business and industry, advising them on political and economic conditions in other countries. It also works with global organizations such as the International Monetary Fund and the World Bank and strives to eliminate trade and investment barriers.

The Department sponsors conferences and seminars to inform businesses about potential opportunities in other countries and to address their specific problems and concerns. Other programs are designed to promote U.S. trade in specific regions such as Africa and the Caribbean. In addition, Department publications and its Computer Information Delivery Service (CIDS) provide information on economic policies in countries and regions around the world.

By supporting American free enterprise abroad, the Department helps other countries promote sustainable growth based on political and economic freedom. And that, in turn, leads to market-oriented economies that represent potentially vast markets for U.S. goods, services, and investment.

"Political and economic liberties go hand in hand," Secretary Baker noted in testimony before Congress on February 1, 1990. "Fragile democracies are reinforced by strong economies. And open societies give scope to the creativity and entrepreneurship essential to economic success."

America's "commitment to private enterprise, individual initiative, and a pioneering spirit" are strong assets, he declared. "Our long-term investment in these values and the international institutions that reflect them has benefited us and ensured the strength of today's thriving global trading system."

The Department works closely with the Department of Commerce and the Foreign Commercial Service in overseas posts. State officers handle all commercial work in 84 embassies and 35 consulates around the world. "Our embassy economic and commercial staffs come in close touch with American firms operating in various countries," says Mr. McAllister. "We encourage any U.S. firms interested in doing business in a country to visit our embassies for political and economic briefings, as well as advice on the business culture and practices of the country."

American embassy officials strive to establish a partnership with U.S. business executives in the countries to which they are assigned. "Ambassadors hold regularly scheduled meetings with U.S. Chambers of Commerce in almost every country where such groups exist," says Mr. McAllister. "Our posts have shown concern and creativity in assisting U.S. business abroad." Many non-career ambassadors have been high-level business executives with contacts in the country to which they are assigned, Deputy Secretary Eagleburger adds, which has made their work in assisting U.S. business and promoting exports particularly effective.

All of these efforts have paid off handsomely for American firms. For example:

- After 2 years of grueling negotiations, the U.S. Ambassador reached an agreement with the Argentine government on more than 30 projects representing about \$750 million in new American investment in the country.

- In Indonesia, persistence by the embassy, bolstered at a crucial juncture by expressions of interest at the most senior levels of the U.S. government, ensured that the bid of a major U.S. telecommunication company received a full and fair hearing on its technical and financial merits. Because of the economic and development potential of this \$2 billion project, U.S. economic support money backed part of the financing package. The Export-Import Bank provided use of its "war chest" authority, which can be used to offset subsidized financing from foreign competitors. Eventually, the American firm obtained a substantial role in the huge project.

- In Bulgaria, embassy staff helped a U.S. company receive timely financing and payment when the Bulgarian Foreign Trade Bank suspended payment of hard currency debt. A company representative later said the embassy's work made him "glad to be a taxpayer."

- In Togo, the embassy paired U.S. textile suppliers with local importers, leading to a 58% increase in textile sales in 1989, and helped a local grocery chain find U.S. suppliers, leading to the first American-made grocery products on Togo's shelves since the 1970s.

- In Brazil, a U.S. firm was awarded a \$155-million contract to supply two communications satellites after protracted international bidding. The embassy staff did everything from explaining to the Brazilians U.S. laws on export licensing and technology transfer to combatting negative press reports instigated by the U.S. firm's competitors.

State Department expertise and assistance are appreciated. The Department receives numerous letters every month from American business executives thanking the Department and its personnel for their assistance.

- After a long battle to help a U.S. oil company and an American engineering firm sign a joint venture in a Caribbean country, an executive with the oil firm told the U.S. Ambassador that the embassy's work with the company on the project was the best example of support he had seen in his 30 years of business.

- The president of a major U.S. firm sent the Department a letter citing a dozen specific instances in which an embassy had helped his company.

- The U.S. Embassy in Budapest has received kudos from several major American firms praising the Ambassador and his staff for "invaluable assistance" in promoting their products and services and ensuring that they receive fair treatment from the government.

- The chairman of a large chemical manufacturer said his company never would have received South Korean government approval for a major investment without the support of the Ambassador, his staff, and other Department officials.

"Embassy staffs do the right thing on behalf of American business and take action on behalf of large U.S. corporations and small companies," says Mr. McAllister. "State officers also work to ensure that American firms are treated fairly." Foreign countries and companies have begun to notice the increased efforts by the U.S. government on behalf of American firms, he adds.

Emphasis on Training

Training is an integral part of the Department's efforts to improve service to American business people. Training opportunities provide invaluable "hands-on" experience for officers assigned overseas. The Foreign Service Institute (FSI) has assigned top priority to the development of a training strategy for improving commercial work. The strategy has focused on two key areas:

- Changing the way in which Foreign Service officers from the junior level through the ambassadorial ranks view their roles in assisting business people; and

- Providing these officers with specific training that enables them to render effective assistance.

The centerpiece of FSI's training strategy is an intensive one-week commercial course titled "Export Promotion—Assisting U.S. Business." Officers of all backgrounds are invited to apply. The course, designed in conjunction with the Department of Commerce, the Economic Affairs Bureau, and the World Trade Center of New Orleans, played to capacity audiences of Foreign Service officers and newly hired personnel from the Commerce Department's Foreign Commercial Service, says Lisa Fox, director of commercial training at FSI.

Participants receive training in all aspects of exporting, from specialists in fields such as market assessment, tax and legal matters, transportation and shipping documentation, methods of payment, and other financial topics, she notes. Participants also are instructed in the design and implementation of an effective trade promotion program.

"The program relies heavily on private sector participation," says Ms. Fox. "Panels of experienced business people representing large and small firms engage in frank discussions with class members regarding their dealings with embassy staffs in the field."

Experience from the design and conduct of the course is being used to expand and upgrade the treatment of commercial objectives in other FSI courses ranging from basic orientation for new junior officers to the seminars for ambassadors and their deputies.

The Department also places FSOs in short- and long-term assignments in U.S. industry. In 1990, four U.S. firms (Rockwell International, Bechtel, Chevron, and the Bank of America) had FSOs on board. In 1991, five FSOs will participate in the program, up from only one or two a few years ago.

Points of Contact

The Economic Bureau's primary point of contact to the private sector is the Office of Commercial, Legislative and Public Affairs (EB/CLP). In addition to answering inquiries from businesses, individuals, and Congress, the office keeps in touch with commercial coordinators in other bureaus, country desks, the Department of Commerce, the U.S. Agency for International Development, and other government agencies, as well as business organizations such as the U.S. Chamber of Commerce. EB/CLP has become the focal point of inquiries on Kuwait reconstruction.

EB also works closely with Deputy Secretary Eagleburger's office to institutionalize export promotion efforts. The underlying philosophy, in Eagleburger's words, is to "change the culture of the Foreign Service" and make export promotion and assistance to U.S. business top priorities. EB's Office of Transportation Affairs deals with international aviation and maritime issues. In addition to the negotiations with the United Kingdom on the sale of landing rights at London's Heathrow Airport, State Department diplomats won Japan's approval for expanded U.S. commercial air service to that country, and negotiated a major expansion for U.S. carriers to Italy, France, Venezuela, and other countries.

EB's Office of Energy, Resources and Food Policy meets regularly with representatives of the trade groups on coffee, sugar, wheat, and feedgrains, as well as the metal and mining industry and other sectors affected by U.S. participation in international commodity organizations. The office also supports private sector efforts to expand markets for American coal, natural gas, and oil and gas equipment.

The Department devotes special efforts in key fields such as international telecommunications that yield direct and indirect benefits to the United States. The Bureau of International Communications and Information Policy (CIP) helps U.S. business by encouraging the growth of these international networks and the services carried over them. They provide the vital linkages used by American business to maintain its competitive edge in international operations.

In addition, by facilitating the flow of information of all kinds, telecommunication networks strengthen the underpinnings of democracy and economic growth. As President Bush said, "Today, more and more countries are discovering that an open and competitive telecommunications environment, coupled with the free flow of information, is a key to success in our increasingly competitive world."

CIP reaches out to U.S. telecommunications manufacturers, network operators, service providers, and users. "This is one of the bureau's premier and showcase activities," says Bradley P. Holmes, director of the bureau. An advisory committee of senior executives and others involving hundreds of firms involved in telecommunications and radio standards "enables CIP and business to keep in close touch, exchange information, assess priorities and needs, and serve to spark the interest of U.S. companies to enter the international market."

CIP's negotiations to liberalize the use of international telecommunications will save hundreds of millions of dollars in direct costs for U.S. service providers and other users, plus untold millions more in increased opportunities for U.S. firms.

The Department chairs several advisory committees on trade-related issues, including panels on intellectual property, international investment, international law, shipping, security, telecommunications developments, telephone standards, radio frequency allocations, and international communications and information policy.

The Bureau of Public Affairs (PA) conducts Executive Diplomat Seminars, in which corporate executives meet with Department policy-level officials to exchange views on current trade issues. PA also helps coordinate information on issues of concern to business, such as new opportunities in Eastern Europe and of the challenges presented by the European Community's move toward a single market in 1992. PA has published several documents, including a pamphlet, "Europe 1992: A Business Guide to U.S. Government Resources," that provides detailed information about EC institutions, plans for 1992, and U.S. government offices and agencies that can help.

Information on Eastern Europe can be found in "Resource Guide to Doing Business in Central and Eastern Europe" and "Focus on Central and Eastern Europe," which is published periodically in the *Department of State Dispatch*, the weekly record of U.S. foreign policy. (Both are sold through the Superintendent of Documents, Government Printing Office, Washington, DC, 20402.)

Dispatch and other Department information is available immediately through PA's Computer Information Delivery Service (CIDS), an established computer network that provides access within minutes of release of time-sensitive U.S. government information to any location in the world. Economic trends reports, country profiles, travel advisories, human rights reports, and statements by Department officials are among the information that business can obtain to keep its competitive edge in a global economy.

Assistance to U.S. business abroad and expansion of U.S. private sector participation in the global economy "remain critical elements in achieving our overall foreign policy objectives," says Secretary Baker. "The Department's leadership is essential to accomplish that task."