



U.S. Trade and Development Agency (TDA)

Background

The U.S. Trade and Development Agency (TDA) is an independent U.S. government export promotion and foreign assistance agency. TDA aims to support U.S. jobs by linking U.S. firms to export opportunities for development projects in developing and middle-income countries through funding “pre-export” assistance. TDA is authorized permanently under the Foreign Assistance Act of 1961 (FAA), as amended (22 U.S.C. §2421), and operates under the Secretary of State’s policy guidance. In 1992, Congress established TDA as an independent agency (P.L. 102-549), but its predecessor dates to the 1980s. The TDA Director is appointed by the President, by and with the Senate’s advice and consent. President Trump’s continued request for funding to eliminate TDA, as well as other legislative and policy developments, may intensify debate over the arguments for and against TDA, its role in supporting U.S. exports, and its relationship to other federal agencies.

Funding. TDA is small relative to other U.S. export promotion and foreign assistance agencies. President Trump’s FY2020 budget requests funding to implement an “orderly closeout” of TDA; the Administration’s view is that the private sector is better suited to serve TDA’s mission, and that other federal agencies can continue to support U.S. exports, U.S. businesses overseas, and international infrastructure development. Congress did not implement similar requests by the President in FY2018 and FY2019 to eliminate TDA, instead funding TDA’s continued operations (see **Table 1**).

Table 1. TDA Funding (\$ millions) and Employment

	FY16	FY17	FY18	FY19	FY20 ^a
Funding	\$60	\$75	\$79.5	\$79.5	\$12.1
FTEs ^b	55	57	48	62 ^c	15 ^c

Source: CRS, based on appropriations laws and budget documents.

Notes: (a) Requested. (b) FTEs: Full-time equivalents. (c) Estimated.

Programs. TDA provides grants to foreign project sponsors (public or private entities that can make decisions and implement projects), who select U.S. firms (primarily smaller firms) to perform TDA-funded project preparation activities. TDA activities include (with examples of FY2018 obligations):

- **Feasibility studies** that assess technical, financial, legal, environmental, and other aspects of infrastructure development projects that may lead to follow-on business, to assist projects in securing financing and achieving implementation (such as feasibility studies for renewable energy projects in sub-Saharan Africa); also, in some cases, **pilot projects** to demonstrate U.S. sellers’ goods, services, and technologies in the foreign

buyer’s setting, for testing and scaling up in order to secure project funding.

- **Technical assistance** to support legal and regulatory reform, the establishment of industry standards, and infrastructure-planning activities, to enhance the business environment for U.S. exports (such as for aviation-related projects in China and India, and a cybersecurity project for the Brazilian energy sector).
- **Training programs** for foreign decision-makers on technology, regulatory requirements, or other areas to support U.S. exports (such as partnering with Japan’s Ministry of Economy, Trade, and Industry (METI) to train decision-makers in the Indo-Pacific on sustainable gas infrastructure procurement best practices).
- **Reverse trade missions (RTMs)** to bring foreign delegations to the United States to meet with U.S. firms and observe the design, manufacture and operation of U.S. goods and services, to foster commercial ties (such as a health care RTM for a Chinese delegation and a ports development RTM for an Egyptian delegation).
- **Conferences and workshops** to connect U.S. firms with foreign project sponsors (such as hosting the Association of Southeast Asian Nations (ASEAN) Connectivity Through Rail Forum (Jakarta, Indonesia) to connect project sponsors with U.S. providers of technologies and services to advance ASEAN’s rail infrastructure development goals).

TDA Initiatives

TDA partners with public and private groups, domestic and overseas, to advance certain initiatives through its programs.

Global Procurement Initiative: Training and other assistance for procurement officials on best practices and policies to calculate the total costs for infrastructure projects.

U.S. Gas Infrastructure Exports Initiative: Feasibility studies, RTMs, and other support to connect U.S. companies with infrastructure export opportunities across the gas value chain in emerging markets.

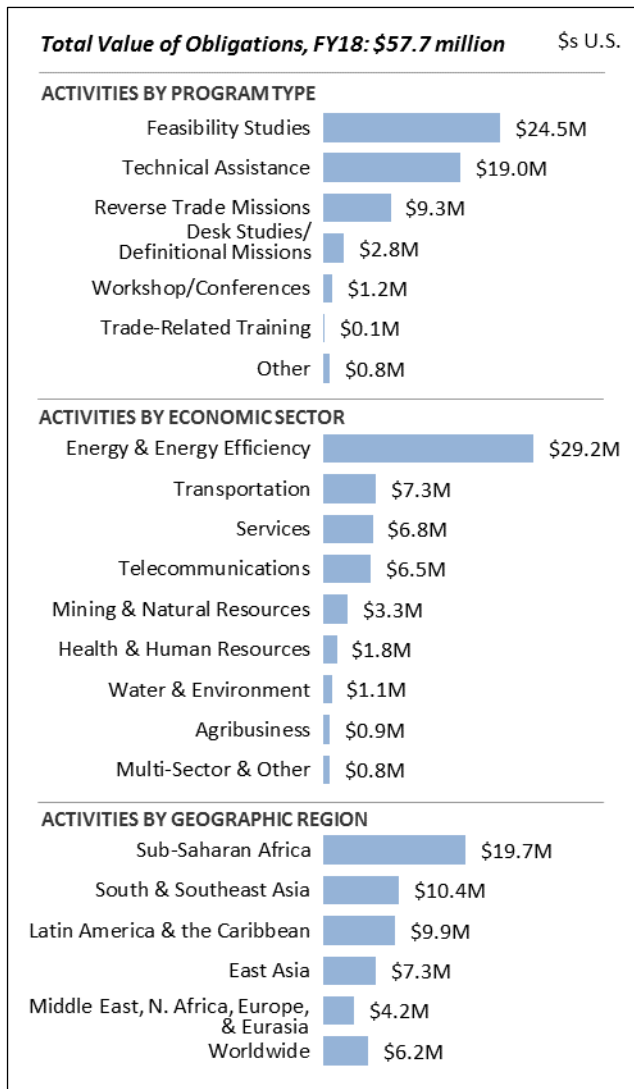
Making Global Local: RTMs, conferences, and other support to expand TDA outreach to U.S. businesses, especially smaller firms.

TDA participates in the Trade Promotion Coordination Committee (TPCC), an interagency body that coordinates U.S. government export promotion efforts. Some projects that use TDA-funded services may use financing from the Export-Import Bank (Ex-Im Bank) for exporting. For example, in 2018, TDA provided a grant to Ghana’s Ministry of Energy for a feasibility study to expand energy access through solar-based, independent “minigridd” energy systems, with the aim to use Ex-Im Bank financing to implement the minigridds. TDA also collaborates with other agencies, such as the U.S. Agency for International Development (USAID), on Administration initiatives.

Requirements. The FAA directs TDA to promote U.S. private sector participation in developing and middle-income countries and to give special emphasis to economic sectors with notable U.S. export potential, e.g., energy, transportation, telecommunications, and the environment. The FAA also instructs TDA to, as much as possible, require firms and other entities to share the costs of TDA-funded project planning and to reimburse TDA for its expenditures if project implementation is successful.

Activity. TDA targets its support in projects that it has determined offer solid prospects for success, U.S. export growth opportunity, and strong development benefits. TDA prioritizes projects where its support could sway an opportunity in favor of a U.S. firm against a foreign competitor or help a key project reach final stages. In FY2018, TDA obligated about \$58 million for program activities (see **Figure 2**), down from \$70 million in FY2017 and comparable to the \$59 million it obligated in FY2016.

Figure 1. TDA FY2018 Value of Obligations



Source: TDA FY2018 annual report with TDA-based categories.

Impact, monitoring and evaluation. According to TDA, in FY2018, it supported \$4.9 billion in new U.S. exports and 28,000 U.S. jobs. TDA uses an “export multiplier” to

measure the impact of its program activity on supporting U.S. exports. For the most recent ten-year period, TDA reported a record-high export multiplier of \$104 in U.S. exports for each dollar of TDA programming.

TDA monitors and evaluates its activities to determine their effectiveness, inform funding decisions, and support oversight and accountability. The TDA Office of Program Monitoring and Evaluation tracks projects after TDA-funded activities are completed to analyze the link between funding and project outcomes. TDA employs outside contractors for some project evaluation.

Issues for Congress

Rationales for and Against TDA. Supporters of TDA, including many in the business community, hold that TDA programs are key to U.S. export promotions and help U.S. firms compete with foreign firms that have access to similar support through their national programs. TDA’s role may be especially critical for smaller firms with insufficient resources to conduct their own project preparation analyses. Supporters also note that users share the costs of TDA-funded activity and that some TDA costs are reimbursed. Critics argue that TDA distorts market conditions by encouraging commercially unviable activities and, in turn, inefficient use of resources. Critics also contend that TDA activities may provide unnecessary assistance to businesses at the expense of taxpayers.

Effectiveness and Efficiency. The effectiveness and efficiency of TDA may be a key issue in any debate over potential reorganization of certain federal agencies, a continued priority of the Trump Administration. TDA supporters highlight the agency’s export multiplier as an indication of its effectiveness and efficiency, and argue that TDA would be more effective with a larger budget. Critics question TDA’s impact on U.S. foreign policy and export promotion goals, including whether exports estimated by TDA would have taken place in TDA’s absence.

Relation to other agencies. Supporters maintain that TDA’s dual focus on export promotion and international development sets it apart from other federal government agencies such as Ex-Im Bank and USAID, as well as its role in assisting businesses at early stages of international transactions. Critics assert that TDA functions overlap with those of other U.S. export promotion and foreign aid agencies. With the expected operationalization of the new Development Finance Corporation (DFC) in 2019 under the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act, P.L. 115-254), Congress may examine how TDA and DFC relate, given that DFC is also to have some similar tools, such as authority to conduct feasibility studies, tailored to development finance aims. Other stakeholders may call for enhanced interagency coordination, such as through the TPCC. Such issues raise questions about the policy goals and desired outcomes for any potential change to TDA’s organizational structure.

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