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U.S. Trade and Development Agency: Background and Issues

The U.S. Trade and Development Agency (USTDA) funds early-stage activities to support development projects in developing and middle-income countries, with a focus on sectors with “significant” U.S. export potential. USTDA describes itself as “the U.S. government’s first mover on critical infrastructure development in emerging markets,” funding “upfront technical work that accelerates” projects and “helping [those projects] attract the financing they need for implementation and procurement of U.S. goods and services.” Congress authorized USTDA permanently in the Foreign Assistance Act of 1961 (FAA), as amended (§661, 22 U.S.C. §2421). Amid shifts in U.S. trade and foreign policy under the second Trump Administration, Congress could consider whether to maintain or modify USTDA’s authorities and structure to best advance U.S. policy.

Background

Organization. On January 20, 2025, President Trump appointed Thomas R. Hardy as USTDA Acting Director. Hardy also held this position in the President’s first term. USTDA is under the Secretary of State’s policy guidance, is organized into regional and industry teams, and has offices overseas. To date, USTDA has not been a focus of Trump Administration restructuring of U.S. foreign assistance.

Tools. USTDA provides grants to foreign project sponsors (public or private entities), who are to select U.S. firms to perform USTDA-funded activities. Programs include

- **feasibility studies** to assess technical, financial, legal, environmental, and other aspects of projects to help secure financing and achieve implementation;
- **pilot projects** to test U.S. equipment and technology in the foreign buyer’s market to promote U.S. solutions and identify scalability and replicability opportunities;
- **technical assistance (TA)** to enhance the business environment for U.S. exports;
- **training** for foreign decisionmakers on technology, regulatory issues, or other matters;
- **reverse trade missions (RTMs)** to bring foreign delegations to the United States to meet with U.S. firms and showcase U.S. products and technologies; and
- **conferences and workshops** to connect U.S. firms with foreign project sponsors.

Additionally, USTDA staff conduct desk studies and definition missions to assess eligibility of potential projects.

Selected Statutory Provisions. The FAA directs USTDA to “promote United States private sector participation in development projects in developing and middle-income countries, with special emphasis on economic sectors with significant United States export potential, such as energy, transportation, telecommunications, and environment.” The FAA also directs USTDA, “to the maximum extent practicable,” to require firms and other entities to share planning costs and reimburse expenditures for successfully implemented projects.

In 2022, USTDA asserted to CRS that it has operated on an exceptional basis in high-income countries that are eligible for International Bank for Reconstruction and Development (IBRD) lending. One example is USTDA funding announced in 2021 for a front-end engineering and design study for civil nuclear projects in Poland.

The European Energy Security and Diversification Act of 2019 (EESDA; 22 U.S.C. §§9561 *et seq.*) directs the USTDA Director to provide early-stage project support for energy infrastructure projects in parts of Europe and Eurasia. It does not appear to provide a waiver for USTDA to work in high-income countries.

Context. Established in 1992, USTDA has undergone several organizational changes. Its immediate predecessor is the Trade and Development Program (TDP), which is rooted in reimbursable services offered by the U.S. State Department and the now-dismantled U.S. Agency for International Development (USAID). In 1978, Congress directed U.S. development assistance to increase private-sector involvement. USAID’s Reimbursable Development Program was made into a separate entity as TDP, which went through further changes, including becoming a standalone agency (P.L. 100-418, §2204). In 1992, Congress renamed TDP as USTDA and expanded and further specified the agency’s authorities (P.L. 102-549, Title II). Since then, Congress has given additional direction to USTDA, including to emphasize specific sectors (P.L. 106-158, §5(a)) and to prioritize European energy infrastructure support (EESDA; see above).

Funding. For FY2026, Congress appropriated \$87 million (P.L. 119-75) for USTDA, the same level it provided for USTDA each year during FY2023-FY2025. USTDA was one of the only agencies involved in foreign aid that the Trump Administration did not propose to cut or abolish in the President’s second term. The Administration requested \$77 million for the agency in FY2027. USTDA’s FY2027 congressional budget justification (CBJ) states that USTDA “will advance U.S. national security priorities by funding activities” to bolster U.S. access to critical minerals, “energy dominance,” and leadership in artificial intelligence (AI). The CBJ also states that USTDA seeks to create opportunities for the selection of U.S. technology over alternatives, such as from the People’s Republic of China (PRC, or China), in “priority” sectors such as critical minerals, digital infrastructure, energy, and transportation.

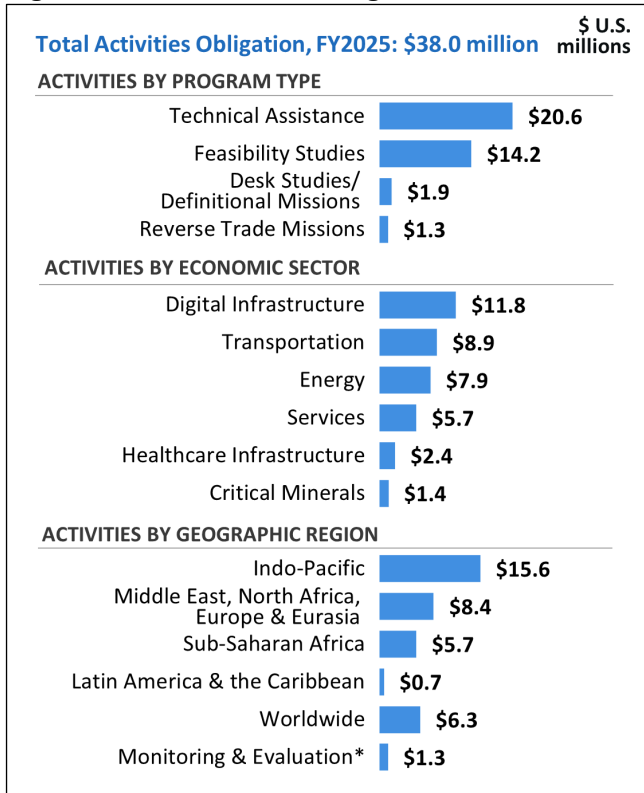
Activities. USTDA has funded services in response to private-sector demand, while also seeking to spur U.S. exports. In FY2025, USTDA obligated \$38 million (**Figure 1**) across 35 projects, a substantial drop-off from FY2024 (\$76 million). Examples of FY2025 support included

- TA for railway development (\$3.9 million) and small modular reactor (SMR) development in the Philippines

(\$2.8 million), and for SMR development in Bulgaria (\$1.2 million);

- feasibility studies to expand fiber optic backbone infrastructure in Nigeria (\$2.1 million), develop a sub-sea cable along Africa's Atlantic coastline (\$1.5 million), and expand copper and cobalt extraction and processing in Zambia (\$1.4 million); and
- RTM series to showcase to decisionmakers from Latin America U.S. advanced civil nuclear energy technology in Latin America (\$0.7 million) and from the Middle East and North Africa U.S. liquefied natural gas (LNG) solutions to expand supply, distribution, and use (\$0.6 million).

Figure 1. USTDA FY2025 Obligations



Source: Created by CRS from USTDA FY2025 annual report data.

Note: * USTDA reports monitoring and evaluation under regions.

Critical minerals have been among the sectors of increased focus for USTDA. In Executive Order (E.O.) 14285 of April 24, 2025, President Trump required the USTDA Director, along with certain other agency heads, to prepare a joint report on “tools to support domestic and international seabed mineral resource exploration, extraction, processing, and environmental monitoring.” Per its FY2027 CBJ, USTDA “recently developed a matrix” to help assess “where to start” to address critical minerals issues. The matrix accounts for “legal, regulatory and diplomatic considerations in potential partner countries,” prioritizing those “with the highest percentage of mineral reserves of interest to the United States and the fewest regulatory obstacles for investment.”

Impact. USTDA monitors and evaluates its activities to assess their impact, inform funding decisions, and support oversight and accountability. In FY2025, USTDA reported that, based on a 10-year average, each dollar of its funding

supported \$226 in U.S. exports, and that since 1992, it has facilitated more than \$127 billion in U.S. exports. Per USTDA, its support may help U.S. firms win export bids over foreign competition.

Issues for Congress

Mission and Effectiveness. Supporters of USTDA have argued that its programs are critical for U.S. firms seeking to compete with foreign firms that may have support from their national programs; and that USTDA programs are especially key for firms with limited resources to conduct their own project preparation analyses. Critics have questioned whether USTDA support is needed for U.S. firms to be competitive abroad, asserted that USTDA duplicates private-sector advisory services, and argued that it uses taxpayer funds for commercially unviable activities.

In assessing USTDA, Congress may examine whether

- the volume and quality of USTDA activities sufficiently advance USTDA's statutory mandates;
- USTDA effectively advances U.S. priorities, such as countering PRC economic influence in global markets;
- ongoing USTDA activity aligns with congressional priorities; and
- the agency's outreach to the private sector and accessibility to potential users is sufficient.

Structure. Previous Administrations have sought to reorganize USTDA, including to merge it with the Export-Import Bank of the United States (Ex-Im Bank) and other agencies. Congress could consider whether to examine prior and potential new calls for reorganization. In his first term, President Trump proposed to eliminate USTDA, a proposal not adopted by Congress. Some commentators question whether the second Trump Administration would seek to merge USTDA with the U.S. International Development Finance Corporation (DFC). The 2025 DFC reauthorization (P.L. 119-60, Title LXXXVII) did not reorganize USTDA.

Country Eligibility. In its FY2025 CBJ, USTDA asked for authority to “operate in strategically important markets regardless of their income status,” to “more fully achieve certain foreign policy goals and national security objectives, including energy security for Eastern Europe and the world's island nations, and providing an alternative” to PRC financing. While the Administration has not renewed this request, some bills have been introduced along similar lines. H.R. 4779, a FY2026 appropriations bill, would permit USTDA to support development projects in any country in which the U.S. government has “strategic foreign policy goals or national security interests,” subject to congressional consultation. H.R. 8625 would authorize the USTDA Director to use agency funding, subject to a 15% cap per fiscal year, for certain projects in high-income countries, including in certain “strategic” sectors. Such changes could generate debate over USTDA's balance of support for overseas economic development and U.S. commercial interests.

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