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The President’s Fiscal Year 2021 Budget proposes to eliminate funding for the U.S. Trade and Development Agency (USTDA), noting that its export mission is more appropriately served by the private sector, while its development mission is better served by the U.S. International Development Finance Corporation (DFC). In recognition of the proposal for elimination, the following testimony describes USTDA’s statutory mission, the current market environment impacting both emerging economies and U.S. industry and the Agency’s efforts to respond to these challenges in this current fiscal year.

The United States faces growing economic and geopolitical challenges abroad, which require responses that are strong, direct and consistent. The U.S. Trade and Development Agency (USTDA) currently plays a role in this effort by supporting job creation at home and promoting broad-based economic development in emerging economies around the globe. USTDA does this by leveraging U.S. industry expertise to build mutually beneficial trade- and investment-based partnerships with emerging markets. USTDA employs the knowledge, skill and resources of the U.S. private sector to help emerging markets achieve their infrastructure goals while supporting our own economy.

USTDA MISSION AND RESULTS

Congress created USTDA via the *Jobs Through Exports Act of 1992* 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.*”¹ USTDA is mandated to engage the U.S. private sector in infrastructure projects at the critical early stages when technology options and project requirements are being defined.² By ensuring that U.S. innovation and technology are incorporated into project planning, the Agency increases opportunities for the use of U.S.-manufactured goods, services and technologies in project implementation.

The Agency provides grants to overseas project sponsors, ensuring they contract with American firms to design priority infrastructure projects. The funding may be targeted to perform a feasibility study, launch a pilot project or provide an advanced array of technical assistance. USTDA also connects project sponsors with U.S. businesses through its reverse trade missions, which bring foreign decision-makers to the United States to effectively demonstrate the design, manufacture and operation of U.S. goods and services in advance of procurement decisions.

USTDA’s project preparation activities lead to major projects that are ultimately be financed by any number of entities, including the Export-Import Bank of the United States (Ex-Im Bank), the DFC, multilateral development banks (MDBs), commercial banks or other regional lenders.

¹ 22 U.S.C. § 2421(a).

² 22 U.S.C. § 2421(b)(2).

Importantly, where resources exist, the public and private project sponsors may ultimately implement the projects themselves.

This approach has produced developmental effect for both U.S. industry and USTDA’s partners in emerging markets: U.S. companies are provided access to the lead infrastructure project sponsors around the world, while foreign partners gain insight into the latest, most effective U.S. technologies that take into full consideration environmental, labor and the financial sustainability of every project. The result is a focused program that helps U.S. businesses compete – and win – against foreign competition. In fact, over the past 10 years, every \$1 programmed by the Agency has returned, on average, \$111 in exports of U.S.-manufactured goods, services and technologies.

TARGETING PRIORITY PROJECTS – DRIVING SUSTAINABLE OUTCOMES

USTDA’s sector focus is taken directly from its authorizing statute, which mandates that the Agency “*promote United States private sector participation*” in global infrastructure projects and concentrate on “*economic sectors with significant United States export potential, such as energy, transportation, telecommunications, and environment.*” USTDA carefully targets industry sectors and markets to achieve maximum effectiveness and return on taxpayer investment.

With additional resources provided over the past three years – including transfer funds dedicated to support the Administration’s Indo-Pacific Vision -- USTDA has expanded its reach by adding agribusiness and healthcare to its priority sectors. This expansion is supported by sound data, demonstrated results, U.S. industry guidance, and demand for innovative American solutions to address common challenges in emerging economies, specifically food security and healthcare delivery.

Recognizing the effectiveness of this focused approach, the Agency has also refined its work to “priority countries” – those with the economic, political and regulatory environments most conducive for trade and commercial engagement with the United States. Because the Agency needs to target its resources to best achieve its dual trade and development mandates, USTDA has prioritized the following countries for project development: Argentina, Brazil, Colombia, Cote d’Ivoire, Ecuador, Egypt, Ethiopia, Ghana, India, Indonesia, Jordan, Kenya, Malaysia, Mexico, Nigeria, Philippines, Rwanda, Senegal, South Africa, Thailand, Turkey, Uganda and Vietnam.

Nigeria: Delivering Patient-Centric Healthcare

USTDA hosted a delegation from Lagos University Teaching Hospital for a Reverse Trade Mission to introduce hospital officials to leading U.S. cancer treatment manufacturers. Based on the relationships developed during that visit, in February 2019, President Buhari joined Varian Medical Systems (Palo Alto, CA) at the commissioning of the Lagos University Teaching Hospital Cancer Treatment Centre.

Recognizing the market opportunity, Varian subsequently deployed a Training Center to support human capacity development at Lagos Hospital – the first of its kind in West Africa.

ADVANCING U.S. FOREIGN POLICY

The American worker is the most productive, innovative and dedicated the world has ever known. When given a fair opportunity, U.S. companies will compete -- and win – anywhere. Too often, however, our products and workers are blocked by trade barriers that restrict market access for U.S. firms or have to overcome subsidized foreign competition that skews a level playing field.

ADVANCING THE ADMINISTRATION’S INDO-PACIFIC VISION

Philippines: Promoting American Broadband Solutions

In FY19, USTDA awarded a grant to the Philippines Department of Information and Communications Technology (DICT) to support the development of the country’s National Broadband Network Project. USTDA’s engagement will help provide broadband access to underserved communities and offer opportunities for American firms to become a trusted source of broadband technologies in the Philippines.

China’s Belt and Road Initiative (BRI) continues to pose serious economic and geopolitical challenges for the United States and numerous emerging economies across the globe. In response, USTDA, Ex-Im Bank and the DFC are deploying our tools to support sustainable economic growth in our partner countries to better respond to China’s expansionism. Specifically, USTDA has reallocated resources to directly counter China’s aggressive mercantilism and push into developing markets via the BRI and other initiatives.

The Indo-Pacific region is a fast-growing region critical to the United States’ long-term economic and security interests. It is also now a principal focus of USTDA’s programmatic rebalancing, as the Agency focuses on activities that directly challenge China’s growing presence in this key region.

As the Administration has expressed in its National Security Strategy, the need exists for the United States to “strengthen cooperation with allies on high-quality infrastructure.” As a result, USTDA is utilizing its current appropriation – and transfer funding from the U.S. Department of State – to increase its focus on opening markets for U.S. companies and unlocking infrastructure development throughout the Indo-Pacific. By doing so, USTDA is creating bankable infrastructure projects that incorporate environmental, labor and financial sustainability.

Through more than 25 years of experience in the region, USTDA is supporting and achieving the goals of the President’s Indo-Pacific strategy, including improving digital connectivity and cybersecurity, promoting sustainable infrastructure development and strengthening energy security and access. While most Indo-Pacific countries are eligible for USTDA assistance, the Agency prioritizes markets that are most compelling for U.S. companies and where USTDA’s program can have the biggest development impact, including India, Indonesia, the Philippines, Thailand, Malaysia, and Vietnam. Throughout the region, USTDA has supported more than 800 activities, which have generated nearly \$15 billion in exports of U.S. goods and services.

DELIVERING FOR A PROSPEROUS AFRICA

Beyond the Indo-Pacific region, over the past two decades, China has been ubiquitous in the financing of African infrastructure projects, bankrolling an estimated one in five overall projects and constructing one in three. In September 2018, at the annual Forum on China-Africa Cooperation, Chinese President Xi Jinping pledged \$60 billion to African governments and their state-owned enterprises under the BRI.

Through its support for Prosper Africa -- and USTDA's own *Access Africa* initiative -- the Agency is actively counteracting China's growing ambitions across sub-Saharan Africa through cooperation with U.S. industry and like-minded private and public sector African entities that look to the United States as their global partner of choice. Today, under Prosper Africa, USTDA has aligned resources to facilitate transactions that build sub-Saharan Africa's infrastructure using American-made goods and services.

This overall effort is supported by USTDA's ICT initiative, *Access Africa*, a partnership between USTDA and U.S. industry leaders to support the development of quality ICT infrastructure and services across Sub-Saharan Africa. The initiative brings together critical stakeholders and designs targeted programming to advance inclusive, secure, and sustainable connectivity. *Access Africa* was launched in June 2019 at the U.S.-Africa Business Summit, with an accompanying call for proposals to facilitate USTDA support for U.S. industry's top ICT priorities across the continent. In addition to project preparation activities, *Access Africa* will significantly increase the Agency's event programming, including additional reverse trade missions to match African buyers with innovative U.S. technologies, and technical workshops focused on commercial and industrial standards for the ICT sector in Africa.

OBTAINING VALUE IN PUBLIC PROCUREMENT: GLOBAL PROCUREMENT INITIATIVE

Key to the long-term development of any country is ensuring that its decision-makers make informed investment decisions that provide the greatest public good from their investments. In response to industry requests, USTDA has been working on this goal since 2013. During President Trump's speech at the 2017 APEC CEO Summit in Da Nang, Vietnam, he noted that MDBs like the World Bank and the Asian Development Bank should "direct their efforts toward high-quality infrastructure investment that promotes economic growth." USTDA's Global Procurement Initiative was designed to facilitate the adoption of high quality, value-based procurement mechanisms globally and specifically worked with the MDBs to move towards higher-quality infrastructure investment. For example, in 2016, USTDA formalized a procurement partnership with the World Bank as the Agency expanded its *Global Procurement Initiative: Understanding Best Value* (GPI), which helps promote procurement reform in emerging economies. Under the GPI program, USTDA's partners receive training on the implementation of "best value" and "life-cycle cost analysis" for large-scale procurements. This helps ensure that "lowest-cost" is not the defining criteria for successful bidders, which too often reflects poor quality goods and technology. Lowest-cost bids are also often made possible by subsidized production and concessional financing, which disadvantage American firms, particularly in favor of Chinese competitors. Today, the GPI has broadened to include 11 partner countries and one sub-national partner in Brazil.

CONCLUSION

USTDA's model for foreign assistance enables development outcomes in our partner countries in a way that puts American companies first, expands U.S. exports, and supports American jobs. Thus, the Agency authentically transforms the traditional foreign assistance paradigm "from aid, to trade." Specifically, we help reorient the relationship of the United States as an "aid donor" for its global partners, to mutually beneficial, trade and commercially focused partnerships.

It is a great privilege to lead the U.S. Trade and Development Agency and its dedicated workforce that has worked tirelessly to advance its dual trade and development mandates. In this time of many competing demands for taxpayer resources, however, I support the President's FY 2021 Budget. The Agency and its staff will be prepared to close out the Agency.