

## TRADE & A SECURE AMERICA

In the global battle against radicalism, advancing more stable and prosperous societies through trade and development is a key strategic weapon for the United States.

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The important role of international trade in promoting growth at home has long been recognized. At its most basic, it provides new outlets for U.S. goods and services— expanding markets, growing businesses and creating new US-based jobs for Americans.

But trade can also play a critical role in forming the building blocks for rule of law, free markets and more stable societies overseas by creating real economic opportunity.

In strategically deploying trade as a proactive weapon in the U.S. economic arsenal, the next president has existing tools that can be mobilized quickly to help once again put U.S. ingenuity, entrepreneurship and commercial savvy on the forefront of global expansion. The U.S. Trade and Development Agency (USTDA), the Export Import Bank of the U.S. (ExIm) and the Overseas Private Investment Corporation (OPIC), are established and independent agencies that play a vital role in connecting this weapon—the U.S. private sector—to the global economy.

These three agencies represent the business continuum, from project feasibility studies to U.S. exports and strategic project investments. A pro-active alignment (not incorporation) of these agencies forms the natural foundation of a flexible, responsive and tangible tool, set to project American economic power through the potential of the U.S. private sector. Existing statutory prohibitions ensure that supported projects promote U.S. companies and exports and do not cost U.S. jobs. To date, the three organization have helped create over 550,000 U.S. jobs and generated U.S. exports valued at more than \$128 billion. And at marginal or no cost to the U.S. taxpayer; ExIm and OPIC are self-funding—returning funds to the government each year—while USTDA generates \$76 in U.S. exports for every dollar of program costs.

Contrast the low cost / high impact these organizations have with that of U.S. Official Development Assistance (ODA). From FY2009 – FY2015, the U.S. Government spent \$163 billion on foreign assistance through the U.S. Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC). While these funds support many laudable humanitarian objectives, the programs have become self-perpetuating, bureaucratic, inflexible and unresponsive to the needs of a dynamic U.S. foreign policy.

ExIm has recently come under significant political criticism for servicing larger U.S. companies. (While direct support to small business is critical, one should not lose sight of the fact that not only are these large companies providing direct employment to tens of thousands of Americans, but they support the establishment and growth of U.S. small businesses across their supply-chains.) However, the critique misses the larger issue, namely that U.S. companies *are not* competing on a level playing field internationally.

Indeed, foreign governments, working seamlessly with their private sector firms, are not simply taking market share from U.S. firms, but winning influence with host governments in regions vital to long-term American security. A recent example of this is in sub-Saharan Africa where China signed a record \$5.5 billion in infrastructure deals.

In considering U.S. economic capabilities as a tool of foreign policy, recent history serves as an important reminder. Appropriated funds are not quickly re-programmed. As a result, in the aftermath of 9/11, the U.S. government had difficulty assembling a package of immediate economic support for countries and fragile economies that had joined the U.S. in the fight against Al Qaeda. As policy makers were building the architecture of a strategic support package, a team from ExIm, OPIC and USTDA was quickly on the ground in Pakistan in early 2002, providing a much needed show of support, as well as taking the first practical steps in developing focused, U.S.-led private sector projects.

Properly aligned, this model can work again with more significant impact, providing the next president with a “go-to” team of transaction-oriented professionals, and allowing the new Administration to tap into the ingenuity of the U.S. private sector to promote American products, services, values and influence when time and circumstance demand rapid, tangible results.

A strong, aligned and focused *economic arsenal*, in conjunction with a recovered economy, revived alliances and restored military power, can serve as a powerful counterpoint to the current administration’s legacy of economic and foreign policy “*puny-lateralism*.”

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