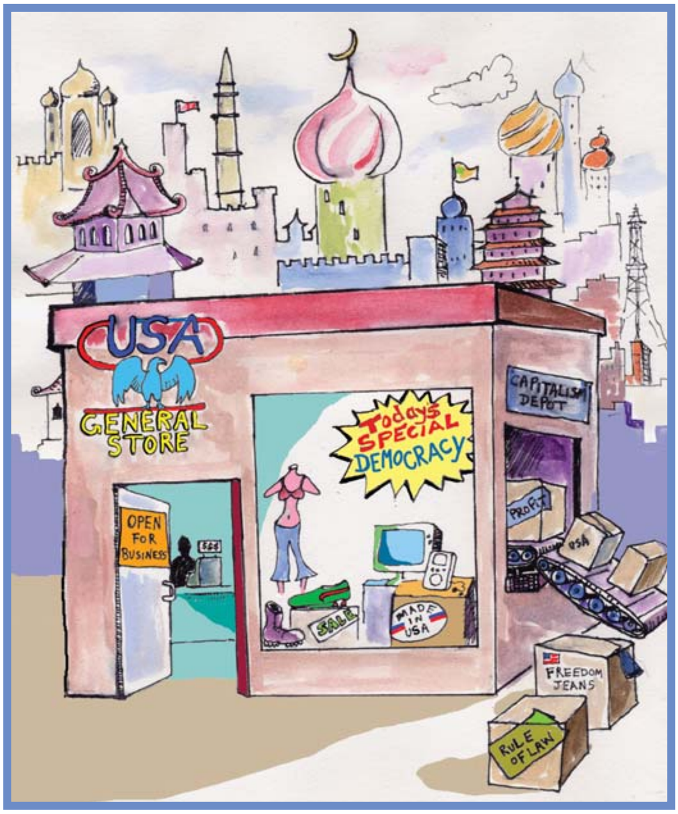
Commercial Diplomacy: The Next Wave



Josh Dorman

The U.S. & Foreign Commercial Service celebrates its 25th anniversary on April 1. What should its direction be in the coming quarter-century?

By Charles Ford

April 1, 2005, marks the 25th anniversary of the creation of the U.S. & Foreign Commercial Service. In honor of that milestone, a variety of initiatives are being planned, pursuant to the call of Commerce Assistant Secretary and USFCS Director General Rhonda Keenum for a yearlong celebration of past achievements and serious reflection on how to best meet the challenges that confront the organization going forward.

This past December, Ms. Keenum and Tony Wayne, State Department Assistant Secretary for Economic and Business Affairs, formalized new coordination arrangements between the USFCS and the State Department to sup-

The U.S. Commercial Service: A Quick History

Today's U.S. Commercial Service was foreshadowed in 1897 when the Department of State created the Bureau of Foreign Commerce and approved for the first time public distribution of diplomatic, consular and commercial reports. Also in 1897, U.S. Senator Albert J. Beveridge sounded a theme for the next century: "American factories are making more than the American people can use … fate has written our policy for us — the trade of the world must and shall be ours."

Although many today may reject this jingoistic rhetoric and espouse instead the mutual benefits of trade, the central role of trade in our politics and in our economic prosperity seems beyond question. This timeline reflects on the role played by the 1,800 men and women of the U. S. Commercial Service in carrying out their mission to promote U.S. goods and services and to protect U.S. business interests around the world.

1897 The U.S. Department of State establishes the Bureau of Foreign Commerce and orders distribution to the public of diplomatic, consular and other commercial reports.

1903 The U.S. Department of Commerce and Labor is established, subsuming the State Department's Bureau of Foreign Commerce and the Treasury Department's Bureau of Statistics.

1912 The Bureau of Foreign and Domestic Commerce, the predecessor of the International Trade Administration, is created in the Department of Commerce and Labor.

1913 The Departments of Commerce and Labor become separate departments.

1927 The Foreign Commercial Service is established "for promotion of foreign and domestic commerce."

1928 Ms. Addie Viola Smith is appointed Trade Commissioner of the Bureau of Foreign and Domestic Commerce, assigned to Shanghai. Smith was the first female Trade Commissioner in the bureau, was paid comparably to her male peers, and received constant commendations on her work and diplomacy. Despite all this, she was still regarded as handicapped because of her gender.

1939 President Roosevelt abolishes the Bureau of Foreign and Domestic Commerce and all other non-State Department foreign services. The commercial officers are reabsorbed into State.

1979 In June, President Carter signs the "Trade Agreements Act of 1979," which transfers overseas commercial programs from the Department of State to Commerce.

1980 The Foreign Commercial Service is established under the U.S. Department of Commerce. The name is changed to the U.S. & Foreign Commercial Service in 1981 in order to emphasize the linkage of domestic and overseas operations under a single organizational purpose.

1983 As international trade fairs are privatized, the Commercial Service begins the Certified Trade Fair Program to provide trade fair participants with a support network, a set of standards and official U.S. endorsement.

1985 The Matchmaker, one of the most popular Commercial Service programs, is launched. The program brings small- and medium-sized U.S. exporters into direct contact with foreign importers, resulting in hundreds of sales and contracts.

1990 The Gold Key Service, conceived in the late 1980s by the Commercial Service in Paris, becomes widely available to U.S. exporters in 1990. The GKS offers U.S. exporters custom-tailored overseas services. Today, the Gold Key Service is available in 104 countries and averages over 1,000 meetings per year.

1992 Funding from the 1992 Freedom Support Act and USAID helps create American Business Centers. The ABCs are designed to operate in the developing markets of Russia and the Newly Independent States to stimulate economic growth and create jobs in the U.S.

1993 The U.S.-Asia Environmental Partnership is formed. Working with USAID, the Commercial Service launches the USAEP program to focus U.S. government resources on the quickly growing environmental products and services sector, in which U.S. companies excel.

1994 Four pilot U.S Export Assistance Centers open in Baltimore, Chicago, Long Beach and Miami. Today there are 106 USEACs throughout the nation that offer export counseling, market research, trade events and international finance solutions to U.S. exporters.

1994 The first Commercial Centers open in Sao Paulo in July, and Jakarta in November. Later, more centers open in Shanghai and Johannesburg. These facilities offer U.S. firms a place to take advantage of all Commercial Service programs and services, as well as rental office space, computers, fax and phone, and display space.

1995 The new Commercial Service's official logo is unveiled. The logo is suggestive of the flag of the United States in motion. Three oversized stars represent the major components of the Commercial Service: the Office of International Operations; the Office of Domestic Operations; and Global Trade Programs.

1995 Commercial Service Teams are created to better leverage internal resources. Today, there are 17 teams, each with three main focus areas: Industry, Geographic, and Outreach. Teams network within the Commercial Service to integrate domestic, international and global trade programs to best serve clients.

1995 A Department of Commerce grant issued to the state of Georgia helps develop Commercial Service videoconferencing tools for client use. This service allows U.S. firms, especially those in rural areas, to meet with potential trading partners without the expense of international travel.

1996 The Commercial Service opens its first post in Hanoi. As the globalization phenomenon creates a new trading ethos, the Commercial Service helps U.S. businesses enter this and other developing markets.

1998 For the first time, an ambassadorship is offered to a member of the Commercial Service. George Mu, a senior commercial officer, accepts the position of ambassador to Cote d'Ivoire in 1998.

1998 The Commercial Service moves aggressively into the Internet world when it broadcasts its first webcast, "Mexico and Canada: Doing Business with our Friendly Neighbors." Webcasting becomes a popular method for delivering timely information to Commercial Service clients.

1998 The Embassy Nairobi bombing in August kills many people, and blinds Commercial Service Officer Ellen Bomer.

1999 The first Export Assistance Center located on Native American Tribal lands opens in Ontario, Calif. The San Manuel tribe sees the EAC as a "future for our children." The partnership with the tribe is one of many efforts to assist underserved groups.

2000 The Commercial Service celebrates 20 years of successful U.S. export promotion.

2000-2004

Increasing U.S. Exports Through Trade Promotion: From 2000 to 2004 the USFCS helps companies create a yearly average of 11,613 export transactions. Of these successes, 90 percent are generated by small and medium-sized businesses. The USFCS Advocacy Center helps U.S. businesses generate an annual average of $134 million in export sales during this period.

New Markets, New Challenges: USFCS responds to the changing global economy by focusing its resources on where U.S. companies want to be now, and where they need to be in the future. New offices are opened in Iraq, China, Central America and sub-Saharan Africa.

New One-Stop Shop for Trade Promotion at Commerce: In 2004, the USFCS assumes responsibility for all Commerce Department trade promotion activities. As a result of this reorganization, the USFCS now directs the Advocacy Center; the Trade Information Center; and Business Information Centers for China, the Middle East, the Newly Independent States and the countries of Central and Eastern Europe. Thanks to this consolidation, the USFCS network is now able to offer U.S. businesses a broader array of information and support services in the emerging markets of today.

Source: U.S. & Foreign Commercial Service, U.S. Department of Commerce

port and advance our current commercial diplomacy program. Both leaders realized that after 25 years, the absence of a formal mechanism to consult and plan was a major obstacle to a more effective worldwide program to advance U.S. commercial interests. The FCS operates in our 81 most important markets while the State Department maintains sole responsibility for the commercial function in another 90 countries, making close coordination an ever-more-essential component of the commercial diplomacy program.

The new FCS-State program has three essential components. First is the creation of a joint planning committee to strengthen current strategic and operational planning processes. Second is a proposal to leverage regional FCS resources through improved technology and a partnership post program so that posts can offer a more robust commercial program. Finally, the two departments will work more closely in the human resource area, in particular on improving joint planning in training and with regard to officer consultations.

In the pre-1980 period, the State Department coordinated closely with Commerce on the implementation of commercial programs overseas. When FCS was transferred to Commerce in 1980, no new planning and coordination platform was created. Over time this has meant that U.S. business has received less efficient and more uneven global support. As a result of these new arrangements, however, FCS will be able to expand its network through a more intensive partnership with State. Additionally, this new partnership will allow both agencies to discuss issues related to the division of labor between embassy economic and commercial functions.

A Revival of Interest

Commercial diplomacy was a key component of our foreign policy and the work of American embassies around the world from the founding of the country until World War II. But because we emerged from that con-

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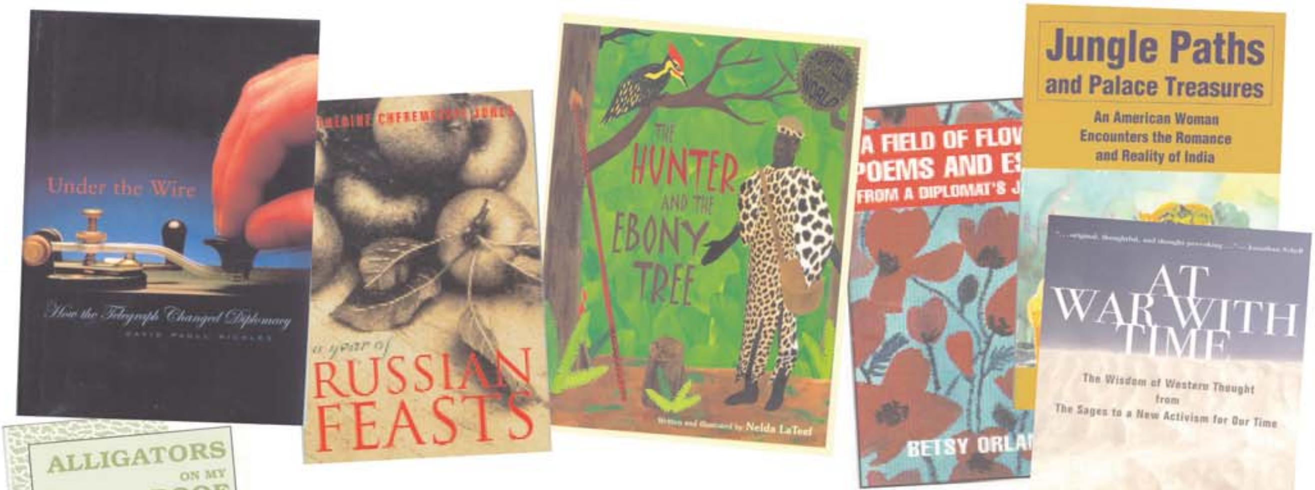

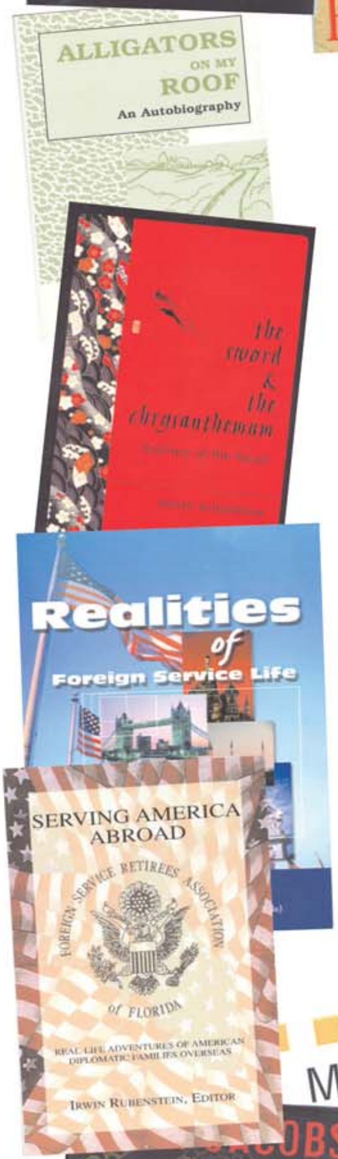

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Calling All Foreign Service Authors!

FS authors who have had a book published in 2004 or 2005 that has not previously been featured in the roundup, are invited to send a copy of the book, along with a press release or backgrounder on the book and author, to:

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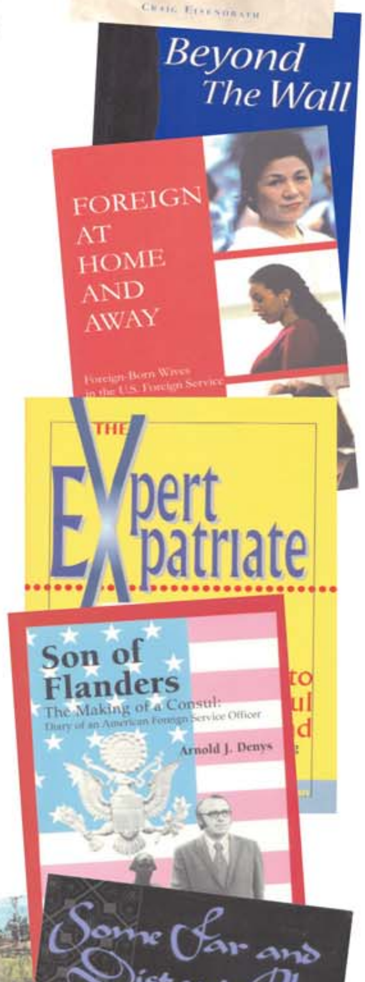

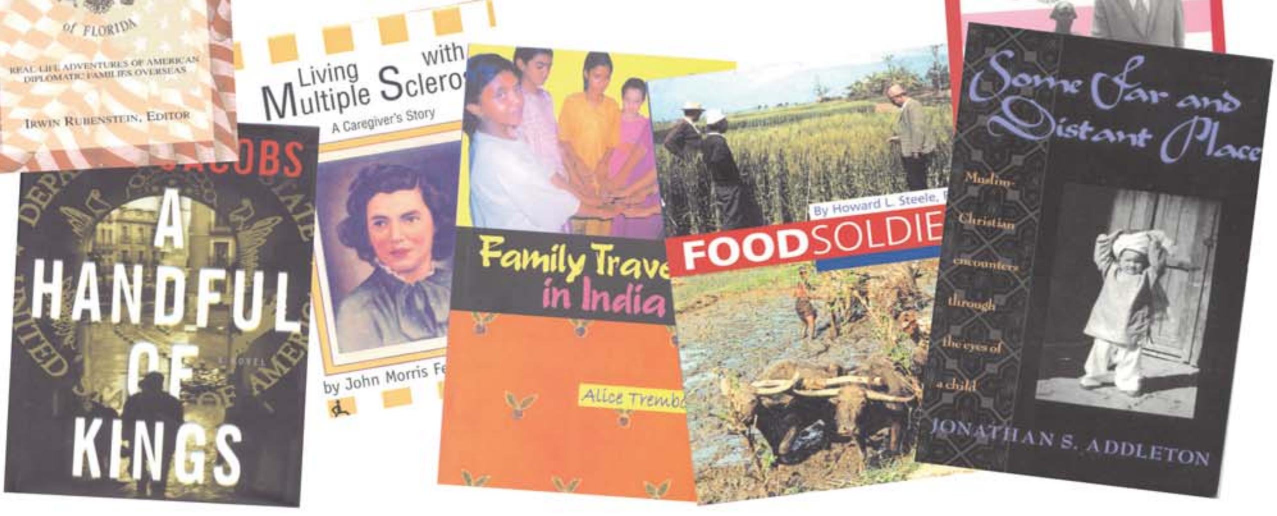

flict with the world's dominant economy, during the Cold War the U.S. pursued a foreign policy that lacked an aggressive commercial component.

By the mid-1970s this favorable economic environment was under considerable strain from chronic, structural trade and fiscal deficits and the shock of OPEC-led oil price increases, among other factors. By the end of the decade the Carter administration faced a difficult political environment in which to sell Congress on the package of trade agreements negotiated under the Tokyo GATT round of trade liberalization. This was the case even though the negotiations had simply built on the policy prescriptions of prior trade agreements in terms of furthering liberalization by expanding market-opening rules to new areas such as customs and government procurement.

To allay fears that the United States was losing its economic edge, in 1979 the Carter administration presented Congress with a plan to reorganize federal international economic programs. As a result of this reorganization, which was reflected in the language of the Foreign Service Act of 1980, all responsibilities and programs related to commercial diplomacy were transferred out of the State and Treasury Departments. The plan designated the Commerce Department as the agency responsible for providing trade representation at embassies in our most important overseas markets, and for administering the anti-dumping and countervailing-duty statutes. (The Foreign Agricultural Service already was responsible for the promotion of agricultural exports.) The State Department also lost all trade negotiation responsibilities to the Special Trade Representative in the President's Executive Office, which eventually was transformed into the present-day Office of the United States Trade Representative. After a transition period to permit economic/commercial officers to decide whether to transfer to Commerce or stay at State, the U.S. & Foreign Commercial Service came into existence as a separate institution in 1982.

Note that the reorganization of the commercial diplomacy function basically focused on nuts-and-bolts — trade negotiations and export promotion programs — rather than a conceptual overhaul. The assumption was not that there was anything fundamentally wrong with the premises underlying our policy approach, but simply that the federal government was not doing all it could to assist American companies, workers and communities in taking advantage of the trade liberalization policies of the previous 30 years. In other words, the focus was on boxes and the lines connecting them on the organizational chart, not on policy prescriptions.

Ironically, while these changes were made with the intent of strengthening the narrowly defined commercial program, the long-term impact was, in my view, to push commercial diplomacy to the margins of our mainstream foreign policy. To the extent the Reagan administration thought about commercial diplomacy during the ensuing decade, it defined it narrowly as an export promotion effort. As a consequence, throughout the 1980s those programs struggled for funding from their respective agencies and for relevance in the foreign policy arena.

The Golden Years: 1989–1997

All that began to change in 1989. With the end of the Cold War in sight, the administration of George H.W. Bush initiated a strategic review of USFCS and the overlapping programs of the 19 federal agencies involved in the commercial diplomacy effort. Susan Schwab, the assistant secretary and director general of USFCS during this period, declared in a retrospective interview in the January 1993 *Foreign Service Journal* that, unlike the zero-sum game of the Cold War era, now, "You can pursue an aggressive and successful international economic agenda and it is still a positive-sum game, where everyone sees benefit."

This strategic review led to a broad bipartisan agreement on a rationale and role for American commercial diplomacy appropriate for the times. There was general recognition that this initiative did not require significant new funding commitments but, rather, an approach more targeted on policies and programs of strategic benefit to U.S. economic interests, as well as to our overarching development objective of expanding the private sector and free markets around the world. The components of the core initiative were simple in their objective, yet complex in their implementation.

Federal programs began to focus on a comprehensive strategy to gain access to foreign markets. In 1989 Deputy Secretary of State Eagleburger promulgated a "Bill of Rights for American Business" and, together with Secretary of Commerce Barbara Franklin, issued detailed advocacy guidelines to all American ambassadors to assist them in providing appropriate high-level support for U.S. business:

• **Trade liberalization**, via new efforts to overcome barriers such as customs practices, technical regulations and government procurement policies;

• **Financing issues**, including new, more aggressive policies for our export credit and project finance agencies; and

• **Small businesses**, by identifying companies with some previous international experience as a key customer of federal programs. This new initiative increased emphasis on areas where failure was believed to have affected the ability to compete overseas — e.g., market intelligence and business contacts.

During my own service as the commercial attaché in Guatemala from 1988 to 1990, I not only was charged with working to advance U.S. commercial interests, but spent an equal amount of time working with the U.S. Agency for International Development and nongovernmental organizations to assist in the delivery of assistance designed to create a more diversified and competitive local economy. This did not simply mean promoting U.S. exports, important as that function was; in fact, my role in facilitating U.S. imports from Guatemala was seen as a crucial component of our top foreign policy objective at the time: facilitating the transition to democratic government. Similar programs emerged throughout the 1990s in Central and Eastern Europe and the former USSR.

By the time it left office in January 1993, the Bush administration had developed for the first time a public policy rationale for commercial diplomacy that provided an answer to the question of why it was in the national interest for taxpayer money to be spent in support of private interests. That rationale rested on the need for federal advocacy to counter aggressive efforts by other governments to advance their own economic interests, as well as an increased understanding of the needs of the small business sector in terms of information and contacts. A corollary of the main commercial diplomacy initiative also had begun to emerge during this period, related increasingly to our international economic development objectives.

Reflecting its bipartisan underpinnings, the Clinton administration built on these inherited rationales and programs, aggressively establishing its own commitment to commercial diplomacy. The crown jewel of the initiative was the Commerce Department's new Advocacy Center, which opened in 1994. Equally important, President Clinton and virtually his entire Cabinet publicly and consistently pushed for inclusion of U.S. companies in mega-projects in Asia and Latin America. As Jeffrey Garten, Commerce Secretary Ron Brown's under secretary for international trade, noted in a speech in London in mid-1995: "This is not the first time that American foreign policy focused so heavily on its commercial goals. However, in the past … we subordinated economic to traditional foreign policy and national security concerns. In fact, whereas in the past we have often tried to use economic instruments to achieve traditional foreign policy goals, today, and in the future, we increasingly will be using traditional foreign policy instruments to achieve our economic objectives."

Discussion of the role of commercial diplomacy within the framework of overall foreign policy enjoyed a similar prominence at this time, both within the diplomatic profession and outside it. During the 1993-1994 period alone, the *Foreign Service Journal* ran four articles on the subject, including two cover stories. In a January 1995 *Washington Post* op-ed, columnist Jim Hoagland praised the administration's "zealous approach to making trade the center of its foreign policy." And in March of that year, *Newsweek International* ran a cover article declaring that "to a greater extent than at any time since the 19th century … U.S. foreign policy has become one with American commercial interests." Similar analyses appeared in *The Economist*, *Foreign Affairs* and many other prestigious periodicals during the 1990s.

Interest Fades Again

Yet by the Clinton administration's second term, commercial diplomacy had become an item for the inside pages once again. As with other foreign affairs programs, a sense of drift and retrenchment set in, leading to fewer resources and less vigorous promotion of strategic objectives. By mid-1998, Nancy Dunne was writing in *The Financial Times* that "the concept of placing U.S. business interests at the center of foreign policy has suffered severe blows. … With the Asian financial crisis, problems of nuclear diplomacy and geopolitical shifts in China and Russia, a more traditional foreign policy has reasserted itself." Despite its complexity and its trade and economic development dimensions, commercial diplomacy as a topic of policy discussion became identified only as advocacy on behalf of individual U.S. companies.

In retrospect, it seems clear that one of the main reasons for the lack of a comprehensive definition of commercial diplomacy that fully explains its foreign policy role was the failure of the 1979-1980 organizational reforms to create strategic executive branch leadership in this area. In fact, those reforms actually created a dynamic that produced an increasingly balkanized program mix spread out among the 19 federal agencies charged with trade promotion activities. Thus, despite the establishment of an interagency mechanism, the Secretary of Commerce's Trade Promotion Coordinating Committee, to coordinate their activities, there is no strategic vision or overarching oversight. Also important to note is that by the late 1990s public and congressional support for trade liberalization had eroded to a very considerable extent, so that calls for action from Congress were more to ensure that other countries comply with existing trade agreements than to set up more trade promotion programs.

The premier government program to promote U.S. commercial interests overseas remains the Foreign Commercial Service, of course. USFCS has been given three statutory missions: to increase exports, to increase the number of exporters and to defend U.S. commercial interests. Yet while its overseas offices remain fully committed to carrying out that comprehensive mission, the organization over the last decade has focused more and more of its energy on the challenge of increasing the number of exporters. This change in direction reflects, among other things, the need to create a sustainable role for its domestic offices.

Unfortunately, the best way to achieve this part of the mission is to serve as a public-sector consulting firm. Understandable as the focus on domestic client development is in terms of a rationale for domestic offices, it is a function with very little connection to the administration's overall economic and trade liberalization agenda or national security strategy. It also subjects the entire organization to pressure from the Office of Management and Budget, among others, to recover more of its budget from user fees charged to U.S. companies.

Despite these developments, FCS programs have remained more or less intact thus far. But without an overarching vision of their importance to U.S. policy, they are in danger of severe budget cuts within the next few years.

Advancing Freedom Through Commercial Diplomacy

Since the 9/11 attacks, there has been virtually no discussion in the foreign affairs community of commercial diplomacy, let alone its central role in a foreign policy that seeks to advance and defend freedom and actively oppose tyranny. Yet earlier this year, President George W. Bush and Secretary of State Condoleezza Rice each gave addresses that provide an argument for putting renewed emphasis on the relevance of free markets and the substantial contribution that a vigorous and forward-leaning commercial diplomacy program could make to the achievement of this worthy goal. Indeed, it is not going too far to argue that commercial diplomacy should once again be treated as one of the two or three most important components of overall American diplomacy.

In his second inaugural address, President Bush was clear in spelling out how our basic national interest is forever entwined in global developments. He declared that: "The survival of liberty in our land increasingly depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world." He went on to conclude: "This is not primarily the task of arms." In her confirmation hearings, Dr. Rice left no doubt in identifying these next years as "the time for diplomacy. … Our task and our duty is to unite around a vision and policies that will spread freedom and prosperity around the globe." Fine as those sentiments are, what is most striking to me about them is the lack of any specific recognition of the role played by our global economic and commercial interests.

Harry Kopp, a retired Foreign Service officer and author of a must-read new book on the topic, *Commercial Diplomacy and the National Interest* (American Academy of Diplomacy/Business Council for International Understanding, 2004), defines the issue as follows: "Commercial diplomacy involves business and government overseas in cooperative efforts to achieve commercial objectives that advance national interests. … Our economic and commercial strength and global presence are the source of our leadership in world affairs because they are the source of the willingness of others to follow." In a classic win-win situation, Kopp says, pursuing that objective means that global markets will become more open and global competition even keener, to the ultimate benefit of all nations. (See the December 2004 *FSJ* for a review of the book.)

This rationale for commercial diplomacy places it squarely within the mainstream of American foreign policy. Its absence was one of the great defects of the approach taken during the 1990s and a reason for the lack of a vigorous and aggressive program today. Conversely, it is vital to recognize the inter-relationship of three principal national interests:

• Advancing our own commercial objectives and economic stake in the global economy;

• Leading the global effort to liberalize trade and investment and to promote the rule of law and market-oriented economic policy; and

• Fostering the cause of economic development and promoting the role of the private sector and open markets in that effort.

Defined in this way, and with the understanding that the health of our economy is inextricably linked to the continued expansion and growth of the world economy, this approach offers a framework for a new partnership with the private sector that would protect and expand the United States' role as the world's supplier and customer of choice.

This partnership needs to be implemented both at the macro and micro levels, however. The macro level involves the negotiation of principles and rules that guide global trade, investment and regulation without reference to specific companies, deals or projects. Lead agencies that work on the macro component historically have been State (economic officers), USTR, Agriculture, Treasury and USAID. These rules, while advancing our direct national interests, would also be creating the economic and business conditions necessary for global development and commerce.

The micro, or transactional, component of the program provides appropriate governmental support for American interests in the contest for sales and contracts and for enforcement and compliance in particular cases involving rights won through prior trade agreements. It also provides program support that, if used strategically, can underpin and advance the broader macro agenda. Here the lead agencies have been Commerce (Foreign Commercial Service officers); State (economic officers); USTR, Agriculture and USAID; and our finance agencies (Export-Import Bank, Overseas Private Investment Corporation, Trade Development Agency, Small Business Administration and the multilateral development banks). At present there is little effective coordination between these two levels, reducing the support available for our global agenda. For example, policies to liberalize trade in key regions of the world often are frustrated by the absence of micro-level programs to build support for the resulting agreements or adequately reach out and inform affected U.S. commercial interests.

Two Choices

Looking ahead, I see two possible scenarios unfolding. One is a continuation of the status quo and the belief that commercial diplomacy will always be a secondary program in our overall foreign policy mix, best left to operate in its current fragmented state. Proponents of this view define commercial diplomacy solely in terms of the narrow export promotion mission. While advancing our own direct commercial interests is vital, the other two national interest components — trade liberalization and market-driven development strategies — are equally important to policy-makers. Of course, maintaining the status quo translates into a severely diminished program. Given the grim reality of increasingly adverse foreign exchange rates and the growing costs of doing business safely overseas, commercial diplomacy under this scenario will continue to suffer ever more severe budget cuts, and will cease to exist as a program, I believe, within a few years.

Meanwhile, foreign governments are becoming ever more strategic and aggressive in their commercial diplomacy efforts. The 2002 President's National Export Strategy (prepared by the Trade Promotion Coordination Committee) found that "one of the greatest concerns of experienced [U.S.] exporters, large or small, is the success [our] major trading partners have — with their government's support — winning projects and procurements in key growth markets." As of 2003, in terms of staffing and spending, we ranked dead last among the top 10 countries in budget expenditures on commercial diplomacy (and by a considerable margin).

There is, however, another way forward. This approach would step back and seriously consider the merits of a commercial diplomacy program comprehensively defined in terms of our commercial self-interest, our stake in an ever-liberalizing global economy and a market-based strategy for global development. This would place commercial diplomacy again at the center of our policy. To achieve this objective will require strong leadership from the White House and Congress. The White House must carry out its responsibility for formulation of a strategic plan and a corresponding proposal for reprioritization and reallocation of resources, while Congress must seriously look at its structure for oversight and funding this function through 19 separate congressional subcommittees. This need not be overly complicated and could, in my view, be done with fewer resources than currently allocated.

In terms of execution, I believe that the Commerce and State Departments should create a new joint executive office to develop the commercial diplomacy initiative and to direct its implementation. Staffed by both departments, this initiative would build on the existing State/USAID policy/management coordinating mechanism by adding in the commercial diplomacy responsibility. The executive branch then would have the capability of designing global and regional strategies that would integrate our support for U.S. business with our policy efforts to further liberalize the global economy and to support a global development initiative built around free markets and democracy. The intent here would be to provide for strong strategic thinking that recognizes the interconnections of our commercial, trade and development interests without undermining the lean, independent operating structures necessary for comprehensive strategy implementation with effective global programs.

With the objective of eliminating bureaucratic stovepipes and promoting the sharing of information across agencies, a significant portion of the federal government has been reorganized in recent years — e.g., Defense, Homeland Security and the intelligence community. The same set of needs and challenges confronts those agencies charged with international economic responsibilities. There is no longer a line between the domestic and global economies, yet organizational structures are still stovepiped as if there were. Reorganization proposals need to produce both a strong central mission statement and a mechanism to insure effective implementation in a decentralized operating environment.

The key, though, is to begin this process by focusing on the vision and not the boxes. As Kopp observes, "Because we are the hinge of world trade and finance, we are listened to when we talk about rule of law, corruption, the free flow of information, the importance of markets, and the relationship of individual freedom to responsibility, risk and growth. We can preach what we practice because our practice works for us, and others want to know if it will work for them. We can only lead because others want to follow in our footsteps."

Now *that* is a vision, one that connects a range of interests — comprehensive trade and investment promotion, sustained competitiveness and economic development — within one framework. As a practitioner of commercial diplomacy for over 20 years, I have seen this comprehensive definition at work only at the level of the country team and only in a very few posts, and even that was due solely to ambassadorial leadership and vision. It is even more difficult to design and sustain such a commitment back in Washington, where vision is often clouded by turf and ego. It also paints a creative new approach for advancing an agenda for deeper globalization in a domestic environment understandably concerned about consequences for U.S. competitiveness and jobs.

As for the content of this new approach, a review of the policies and programs of competitor nations, particularly the United Kingdom, Australia and Canada, will not only reveal where defensive measures are needed but will also highlight best practices and the priorities of competitor countries who also share our view of the primacy of the private sector and market economy. In the ever-expanding and deepening globalization process, we will need to develop a more sophisticated sense of our national interest and construct new programs, particularly in the areas of trade agreements compliance, technical regulations and standards. These are all important areas with many cross-cutting, competing domestic constituencies. Our direct commercial interests, regulatory ambitions and goals for trade liberalization and development often will not coincide in the short term or on a tactical level. Accordingly, we must create a policy mechanism to resolve such conflicts and identify workable solutions. The current lack of transparency in the process not only hinders commercial policy formulation but gives a competitive advantage to our European and Asian rivals. This must be a top priority for the new Commerce/State/USAID joint secretariat I envision.

While I am sympathetic to the creation of a Department of Trade containing the micro and macro responsibilities for commercial diplomacy, I am aware that both in the case of homeland security and public diplomacy, increased bureaucratic centralization has produced very disappointing results. What does seem clear 25 years after the creation of FCS is that the current structure has made important progress in advancing our commercial interests overseas, but it is not yet sufficient to take us forward into this new century.

Ultimately, however, this is not a time to focus (as we did in the late 1970s) only on organizational boxes and the structure of government programs and turf. Rather, all of us in the Foreign Service, as well as our friends and allies elsewhere in the government, and in the private sector and NGO community, must take on the challenge of building a consensus for a new vision. Allowing the status quo to continue is simply not an option.

The U.S. & Foreign Commercial Service's 25th anniversary celebration, scheduled to start in April and to continue throughout the year, offers a unique opportunity for the development of a new initiative to underpin our support for trade liberalization as a key element of our goal to expand global freedom and liberty. Toward that end, we at AFSA are currently planning a symposium on commercial diplomacy which we hope to hold this fall. ■