

Eliminate the U.S. Trade and Development Agency (USTDA)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$56	\$56	\$56	\$57	\$58	\$59	\$61	\$62	\$64	\$65	\$283	\$594

Heritage Recommendation:

End funding for the U.S. Trade and Development Agency (USTDA). This proposal saves \$56 million in 2016, and \$594 million over 10 years.

Rationale:

The USTDA is intended to “help companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. The USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.”

The main argument against this program is that its activities more properly belong to the private sector. The best way to promote trade and development is to reduce trade barriers. The House Republican Study Committee has introduced legislation to eliminate this agency, arguing:

The U.S. Trade and Development Agency has a dual mission of advancing internal economic development, as well as U.S. commercial interests in developing and middle-income countries. The Agency reports that of its 1,170 projects between 1997 and 2006, only 36.2% were actually successful in creating additional exports for American companies. The Agency’s activities also overlap with numerous other government agencies and programs. It works with 16 fellow agencies on the Trade Promotion Coordinating Committee alone.

Additional Reading:

- Patrick Louis Knudsen, “\$150 Billion in Spending Cuts to Offset Defense Sequestration,” Heritage Foundation *Backgrounder* No. 2744, November 15, 2012, <http://www.Heritage.org/research/reports/2012/11/150-billion-in-spending-cuts-to-offset-defense-sequestration>.
- Brian M. Riedl, “How to Cut \$343 Billion from the Federal Budget,” Heritage Foundation *Backgrounder* No. 2483, October 28, 2010, <http://www.Heritage.org/research/reports/2010/10/how-to-cut-343-billion-from-the-federal-budget>.
- Republican Study Committee Sunset Caucus, “Eliminate the U.S. Trade and Development Agency,” July 21, 2010, http://rsc.woodall.house.gov/uploadedfiles/waste_action_alert—ustradedevelopmentagency.pdf.

Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 estimated spending levels as found on page 23 of U.S. Department of State, “Fiscal Year 2015, Congressional Budget Justification: Foreign Operations, Appendix 2,” <http://www.state.gov/documents/organization/224069.pdf>. This estimated level has been increased at the same rate as discretionary spending in the CBO’s most recent August 2014 baseline spending projections.