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FROM : Department of State

DATE:

SUBJECT : CERP Alert: Guidance for Reporting on Overseas Trade and Investment

REF :

The Administration's recent high level talks in major European and Far Eastern capitals, as well as the President's earlier visit to Europe, point up the continuing priority attention being given trade and investment problems and objectives.

An important achievement of the recent examination of Washington requirements and overseas workload was the freeing of staff time for priority activities in the trade and investment area. Elimination of roughly a third of CERP scheduled reports and the application of the criterion of essentiality to ad hoc demands and voluntary reporting have been beneficial in enabling posts to meet increasing demands of priority programs, particularly those related to improvement of the U. S. balance of payments. An accompanying staffing adjustment at a time when export expansion programs are broadening, however, calls for continuing assessment of priorities in field activities as well as of Washington demands.

In this regard, high on the list of priorities is the CERP alert reporting program on developments and trends which may be expected to have significant effect on U. S. export trade interests, particularly viable trade opportunities and economic developments which give promise of leading to such opportunities. The enclosed check list may be helpful in indicating the scope of subjects of potential interest in this area. It is intended as a relatively unchanging listing generally applicable to all posts. Export promotion activities require wide ranging coverage (analysis of the general business outlook; major industrial development projects; changes in tariffs,

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quotas, border taxes, and other trade barriers; practices of discrimination against the U. S. by foreign businesses or government; changing market conditions, etc.).

Promotion of American investment also requires wide ranging coverage, including foreign government laws and regulations and programs involving third country and international financing agencies.

Obvious examples of other aspects of commercial activities which require coverage include violations of export control regulations, and infringement of U. S. trade mark or patent rights. When circumstances warrant, supplemental listings of specific country - related subjects will be prepared and sent to particular posts.

The enclosed checklist is intended to serve only as a general guide. Washington depends on the continued perceptive judgment of reporting officers on the scene and of those directing reporting activities to ensure that trade and investment matters of significance are reported -- and that items of marginal interest are avoided, to conserve staff resources.

Whereas CERP scheduled reports should carry the appropriate CERP reference number to identify each requirement, voluntary reporting on subjects such as those listed in the enclosure to this instruction should carry only the general reference CERP. When feasible and appropriate this reference to CERP should also be shown on AID and other voluntary reporting when the reporting covers CERP alert subjects. The inclusion of the CERP reference assures distribution to all interested agencies.

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Enclosure:

CERP Alert Statement.

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CERP ALERT

Reporting Guidance - Trade and Investment

Executive agencies rely heavily upon the initiative, resourcefulness and discretion of the Foreign Service to report and interpret developments and trends of significance in terms of U. S. interests. This statement provides general guidance on subjects of interest in the development and direction of U. S. government policies and programs and in assisting U. S. industry and commerce.

1. EXPORT PROMOTION

- a) Analysis of market conditions and outlook, pinpointing potential markets for product lines offering profitable opportunities for U. S. exporters of goods, technology and services; pricing information and product specifications.
- b) The following trade opportunity and project bidding subjects, to be reported in accordance with guidance provided by 10 FAM 946 and 947:
 - 1) Economic and industrial development planning and programs by both public and private sectors having potential for U. S. exports and investments, including status changes such as acceleration, delay or abandonment. These continuing reports should have an assessment of the opportunities for U. S. business to participate, including financing requirements, third country competition, and international organizations' participation, e.g., the World Bank Group, UNDP, UNIDO, IDB, and other international agencies.
 - 2) Pre-investment and feasibility studies being undertaken by both international organizations and local governmental agencies which have current opportunities for U. S. engineering and consulting firms as well as long range prospects through major projects which may result. (10 FAM 947)
 - 3) Public and private tenders resulting from these development projects as well as other significant tenders, including information on factors which will affect the ability of U. S. firms to compete against third country bidders (i.e., long-term financing requirements, specifications, trade agreements, etc.). These tenders should be reported on GA-101 with copies of the tenders and specifications. Reporting on GA-101 is the most rapid means for alerting U. S. industry to these tenders. Telegrams should be used only when bid deadlines are short and the post judges that such tenders are significant export or service opportunities for U. S. business.

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- 4) Private trade opportunities from reputable firms as well as post identification of current and potential markets for U. S. products which are reported in "Implications for the United States" section of the Economic Trends Report.
- 5) Press reports or information obtained from other sources concerning proposed development plans and projects even though the public tender stage has not been announced.
- c) Assessment of competition within country from domestic and third country suppliers, including pricing, delivery, and credit terms. If competition revolves on credit terms, specifically identify whether maturities, interest rate or other aspects such as local financing are a competitive factor adverse to U. S. suppliers.
- d) Assessment of obstacles to U. S. exports and identification of means whereby U. S. government and suppliers may be able to secure remedy, introduction, modification or termination of direct or indirect aids to export, including assessment of these actions in increasing or decreasing the competitiveness of affected products.
- e) Organization and techniques of marketing and distribution, including packaging, which may be useful to U. S. suppliers in satisfying buyers' needs and in meeting competition.
- f) Aspects of transportation and telecommunications of potential significance.
- g) Identification of causes for declining or stagnant U. S. share of market, and suggestions for correction; specific reasons for Americans losing out on business deals. If finance is alleged to be a significant reason, elaborate specifically on pertinent aspects.
- h) Proposals whereby U. S. exports could be promoted advantageously through commercially-justifiable participation in fairs, other exhibitions and special promotion activities by U. S. exporters, with or without U. S. government participation.
- i) Changing market conditions.
- j) Changes in the export financing systems of exporting countries should be reported as they become known to posts. These changes may refer to interest rates, repayment periods for different types of equipment and raw materials, rediscounting of export paper, and changes in the financial structure of export financing institutions.

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2. TARIFF AND TRADE RESTRICTIONS - Changes in restrictions on imports of goods and services which may affect U. S. exports favorably or adversely, including duties, non-tariff barriers, and border tax adjustments, as well as changes in marking, labeling, certification, and inspection.
3. ANTIDUMPING - Developments with respect to national laws and regulations and, in particular, their relationship to the International Antidumping Code for GATT member countries; antidumping cases involving imports from the United States, in detail.
4. EXPORT INCENTIVES - Legislation or other action to encourage exports through special incentives such as tax rebates, governmental loans and guarantees, or other assistance of a financial or technical nature not available to industry generally.
5. DISCRIMINATION - Evidence of government or local business discrimination against or changes in discriminatory attitudes toward U. S. products or firms, including, as applicable, U. S. insurance companies, airlines, shipping companies, and banks; discrimination against U. S. bidders or goods in government procurement activities; discrimination under bilateral trade and/or payments arrangements; and discrimination in non-tariff barriers and/or balance of payments restrictions favoring co-members of a free trade area or customs union.
6. U. S. DIRECT INVESTMENT - Developments affecting existing or proposed U. S. investment abroad and foreign investment in the United States, including government actions to restrict or otherwise impair this investment, or attitudes and opportunities for new investment (licensing agreements, joint ventures, and other kinds of participation). U. S. investment in developing countries directed towards exporting to the U. S. market, especially in respect to goods having a high degree of labor content and/or goods designed to be exported to the U. S. under Item 807.00 of the U. S. Tariff Schedules (Articles assembled abroad in whole or in part of fabricated components the products of the U. S.). Investment surveys prepared by consultant firms, international organizations, AID, etc., often contain useful economic background and market information. Significant foreign direct investment by third party states in host country. Activities of American branches and subsidiaries which may affect U. S. political and economic relations with host country.
7. PROTECTION OF PATENTS, TRADEMARKS AND PROPERTY RIGHTS - Infringements or violations, particularly as they might jeopardize or adversely affect exports or sales of U. S. goods and services in the host or third country markets.
8. PRODUCT STANDARDS AND TESTING REQUIREMENTS - Developments affecting the standards which goods sold locally must meet or imposing testing

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requirements on such goods, whenever these seem likely to handicap unduly U. S. firms exporting to that market.

9. BUSINESS AND INDUSTRY - Developments concerning major industries and commodities, particularly those which are significant competition for similar U. S. products in domestic and third country markets, including voluntary efforts by government or business groups to restrain their exports to the United States. Developments in science and technology which significantly influence host country competitiveness in domestic and foreign markets, or which have potential usefulness or opportunities for U. S. business.
10. U. S. BALANCE OF PAYMENTS - Separate guidance under preparation.
11. COMMUNIST COUNTRIES - Developments in relations with communist countries; developments relating to the supply or curtailment of strategic goods or to the use of Free World ships in trade with Cuba, North Korea, North Vietnam; whether and how countries are discriminating in favor of communist countries to use up balances under bilateral trade agreements.
12. REGIONAL AND INTERNATIONAL ECONOMIC ORGANIZATIONS - Changes in trade patterns attributable to trade concessions or other arrangements available to member nations. New investment occasioned by developing or existing organizations such as EC, EFTA, LAFTA, CACAM, OCAM, etc. Developments relating to UNCTAD; attitudes toward preferential access to developed country markets. Attitudes and actions of U. S. companies, especially those having manufacturing subsidiaries abroad, towards seeking out and taking advantage of trade and investment opportunities created by integration efforts.
13. SECURITY TRADE AND FINANCIAL CONTROLS - Attempted or actual violations of U. S. export control regulations, COCOM, and other applicable security, trade and financial controls and related matters.
14. RESTRICTIVE BUSINESS PRACTICES - Cartel activities, restrictive agreements and other practices. Existence of and government support for export cartels.
15. LEGISLATIVE, EXECUTIVE AND JUDICIAL - Action taken or foreseen which may affect U. S. interests (e.g., commercial, monetary and fiscal policies).

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