



Testimony of Keith Curtis
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House Committee on Appropriations
Subcommittee on Commerce, Justice, Science and Related Agencies
Chairman Frank Wolf

The Fiscal Year 2013 Budget
Hearing March 22, 2012

Distinguished Chairman, Representative Hutchinson, and distinguished members of the subcommittee: on behalf of the American Foreign Service Association (AFSA) I thank you for the opportunity to speak before this subcommittee on the subject of FY 2013 appropriations for the Commercial Service. The US&FCS, (or Commercial Service) which is part of the International Trade Agency (ITA) of the Department of Commerce, was funded in FY 2012 at \$269,817,723. AFSA recognizes that we all, and particularly you as our elected representatives, need to make difficult decisions about our nation's priorities. We support thoughtful and effective reductions in spending in the right places, as well as redirection of where we do make investments. We are ready to serve as a constructive source of active duty insight and perspective.

The American Foreign Service Association (AFSA), established in 1924, is the professional association of the United States Foreign Service. With some 16,000 dues-paying members, AFSA represents over 28,000 active and retired Foreign Service employees. In the Foreign Commercial Service (FCS), which I represent as the Vice President of AFSA, we have principal responsibility for supporting US business interests,

promoting exports, attracting foreign investment, and defending the prosperity of our economy in the major international markets. In that effort, we do everything from supporting human rights in commercial activities, where the Chairman has been a great champion; assisting small and medium-sized businesses that would find it difficult or impossible to export without our assistance; assisting major US employers and exporters, like the airplane and turbine manufacturers, who could easily lose billions in contracts without the special advocacy that the US Government can provide; to serving in dangerous locations in markets like Iraq, Afghanistan, Libya and elsewhere to help establish and reestablish the fundamentals of an economy and trade that creates long lasting stability. The Commercial Service is at the heart of the key effort to expand our exports, which have been increasing at 17% per year. We are proud to serve our country in an effective way, especially in this time of need, and frankly consider ourselves lucky that we have such a focused, measurable mission. We are a corps of motivated Foreign Service Officers, mostly from business world backgrounds, that believe-in and gain principal satisfaction from getting things done, not talking about them.

However, while the rest of the world, especially China, India, and Germany, has been gearing up its export machines, we have been dismantling ours over the last decade. We have gone from over 1,275 employees in 2000 in the international field to barely 900 last year (see attached chart). Thankfully this committee has recognized these problems over the last several years and the importance of our mission. We are very grateful for the increase voted last year of \$10 million for our operations. This was a lifeline. Unfortunately, much of it got absorbed by internal increased costs and we have barely been able to hold our own. Centralized services charged to the Commercial Service increased from \$15 million in 2001 to \$31 million this year. In fact, because costs are outpacing increased budgets and because of strategic decisions to reposition our overseas offices to more critical growing markets, we have had to close posts and not fill many more with considerable disruption to our trade programs. On both sides of the isle, we all agree that in a global economy exports are critical to our national well-being. In fact, economists believe that it is one of the only clear paths to growth. In 2010, the Commercial Service directly helped generate \$34.8 billion in US exports, assisting over 18,000 business clients. For every \$1 dollar invested in the Commercial Service we produced \$135 in directly assisted exports. We appreciate greatly the support this committee has given to the US&FCS especially in difficult budget times and we implore you to continue that support as you did last year.

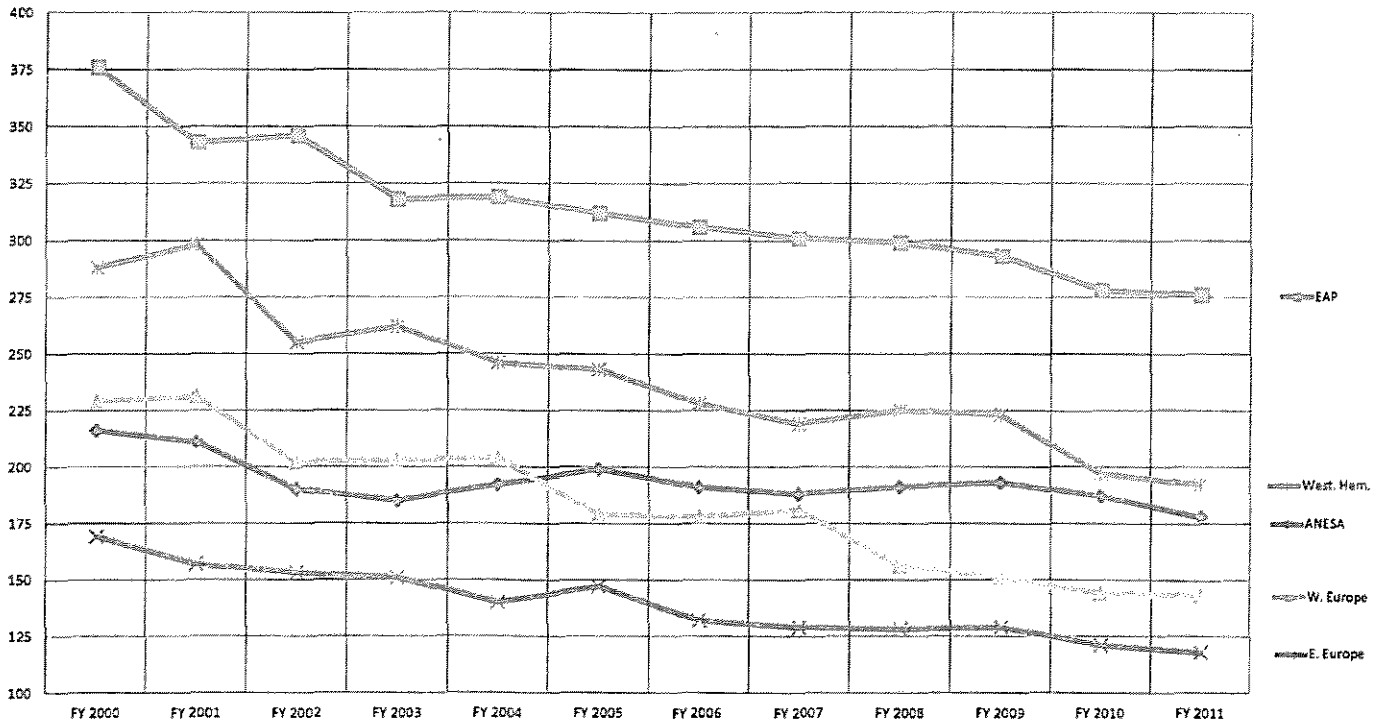
Our concern about the future is not limited to the budget difficulties of maintaining a far-flung international export promotion network. At the same time that we are under enormous budget pressure, restructuring proposals in Washington could have severe consequences on our ability to be effective and could diminish the contributions of the 1200+ people in the Commercial Service. We recognize the need to increase organizational effectiveness that engendered the President's proposal to decrease ITA from 4 to 3 Assistant Secretary positions in the FY 13 budget proposal. We believe at the core of this proposal is the important idea that in order to be effective and maintain a strong Foreign Commercial Service, the organization should be field-driven. Our concern is that this merger of 4 units to 3 may result in an organization that less reflects the priorities of getting the job done on the ground internationally. It can be done poorly, with grave consequences, or in a way that increases the importance of the clients and getting the work done. The key will be to make sure that top management jobs are reserved for senior employees with first-hand experience working with US businesses on the ground in foreign markets. The members of the committee know better than anyone that it is only when the experience and realities of the local environment drive the process in Washington that they can be effective in the long run. It is the same in your business as it is in ours. Only the people on the ground who have lived the day-to-day work of providing real solutions in the international environment can bring to bear the experience that is needed. You cannot teach a man to fish until you have spent real time fishing and have actually caught fish. You have to know where the fish bite and what lures them. We need to have the DAS-level management positions that we report to reserved for those who have lived the job in the field. Too many ideas get hatched here in Washington without a connection to their realistic potential. This is especially important in a critical budget period when we have to focus on the must-have's, and the must-do's; not on the nice ideas. We urge you to examine any proposed restructuring of ITA or the Commercial Service to insure that it is driven by real field experience and the needs of the clients; not by what is imagined, but by what is proven.

Thank you for your time and consideration.

FCS Staffing Levels by Region 2000-2011

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	% Change (FY00-10)	Actual Change (FY00-10)
TOTAL FCS	1,278	1,240	1,146	1,119	1,101	1,080	1,035	1,018	999	989	927	907	-29.0%	-371
ANESA	216	211	190	185	192	199	191	188	191	193	187	178	-17.6%	-38
EAP	376	343	346	318	319	312	306	301	299	293	278	276	-26.5%	-100
E. Europe	169	157	153	151	140	147	132	129	128	129	121	118	-30.2%	-51
W. Europe	229	231	202	203	204	179	178	181	156	151	144	143	-37.6%	-86
West. Hem.	268	298	255	262	246	243	228	219	225	223	197	192	-33.3%	-76

FCS Worldwide Staffing by Region



TOTAL WORLDWIDE STAFFING

