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FY 1980
ANNUAL
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THE SECRETARY OF COMMERCE
Washington, D.C. 20230

Dear Sirs:

Enclosed is the Annual Report of the Secretary of Commerce for the fiscal year ending September 30, 1980. This report includes the activities pursuant to law (15 USC 1519).

Copies of this report are being made available to the Committees of Congress which are regularly concerned with the work of the Department. A limited number of additional copies will be furnished to other Committees and individual members of Congress. A copy will also be maintained on file in the Department for public inspection as required by law.

Arrangements have been made with the Superintendent of Documents to place copies on sale and to provide the number needed for depository libraries.

Sincerely,

Malcolm Baldrige
Secretary of Commerce

The Speaker of the House of Representatives
The President of the Senate

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WORLD OF COMMERCE

FY 1980
ANNUAL
REPORT
OF THE
SECRETARY

Philip M. Klutznick
Secretary of Commerce

Luther H. Hodges, Jr.
Deputy Secretary of Commerce

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Editor

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Foreword

OUR COUNTRY IS CHALLENGED

Our workers, our businesses, our government, all our institutions public and private, are face-to-face with an unprecedented, worldwide economic and technological challenge.

Other nations threaten to overtake our lead as the strongest and most productive economy on earth, as supreme in science and technology, and as having the world's highest standard of living.

To help meet this challenge, the Department of Commerce shouldered major new responsibilities in Fiscal Year 1980. Under a broadened mandate, it became the lead government agency to assist the private sector in such critical areas as international trade, productivity, innovation and sectoral analysis. Through the untiring efforts of the Department's highly skilled and dedicated employees, we laid an institutional foundation that will provide major support for the revitalization of American industry and a strengthening of its competitiveness in both the domestic and international markets.

We undertook these new responsibilities while at the same time carrying out our traditional assignments, some of which are as time-honored as the Constitution itself. The accomplishments here were equally important, but I would mention only one—the taking of the 20th Decennial Census—as an example of achievement by employees whose devotion was in the highest tradition of service to our country.

Today, as we prepare to turn over the reins of government to a new Administration, I am confident that the Department of Commerce is better equipped, better organized and better staffed than ever before to help our country meet the global challenges that now confront us. I am equally confident that the private and public sectors working together can and will meet those challenges successfully.

Philip M. Klutznick

December 31, 1980

Chapter One

COMMERCE IN SUMMARY

This was *Assignment 1980* for the United States Department of Commerce: count the people of the United States, gather the data that measure the progress of the free enterprise system, open doors worldwide for American products, encourage technological innovation, improve America's productivity, assist the U.S. merchant marine, stimulate commercial fisheries, put minority entrepreneurs and disadvantaged regions into the U.S. economic mainstream, bring in visitors from all over the globe, and keep a watchful eye on the weather, the coastline and life in the oceans. Do all of this and more, with one overriding goal in mind: to keep the U.S. economy strong.

How the assignment was met is essentially what this report is about. These pages describe the work of the U.S. Department of Commerce during the Fiscal Year of October 1, 1979 through September 30, 1980—FY 1980.

First, a summary look at major activities.

The Department serves the public through a number of component units that report either to the Secretary of Commerce directly, or through the Deputy Secretary, the Under Secretary, one of the Assistant Secretaries, an Administrator or the Chief Economist.

The International Trade Administration (ITA) was established on January 2, 1980, as a part of a Federal reorganization that combined the non-agricultural trade operations of the United States. It succeeded the Department's Industry and Trade Administration. ITA handles the Department's export promotion, export control, and trade policy programs, administers the anti-

dumping and countervailing duty regulations formerly handled by the Treasury Department, operates the new Foreign Commercial Service created from commercial officer positions of the U.S. Foreign Service, and assists the U.S. Trade Representative in the coordination of trade policy. Its director holds the newly created position of Under Secretary for International Trade.

ITA has four principal missions. First, it implements the rules of international trade. Some of these are U.S. rules—on antidumping, countervailing duty, export control and antiboycott matters; others are international—codes governing trade and trade restrictions. Second, it provides export promotion assistance to U.S. enterprises through creation of export awareness, evaluation of trends in world economies, and direct marketing help to exporters. Third, it supports U.S. business in surmounting barriers to foreign trade through educational programs and efforts to obtain cooperation from foreign governments. Fourth, it ensures that a business perspective is included in government trade policymaking.

The **National Oceanic and Atmospheric Administration (NOAA)** observed its 10th anniversary in FY 1980 and continued to establish and monitor national policies for the country's oceanic, coastal, and atmospheric resources, with emphasis on their conservation. This was true of NOAA's Office of Fisheries, responsible for the best use of the fishery resources within 200 miles of the U.S. coast and protection of the habitats of whales and other marine mammals. It reflected the work of NOAA's Office of Coastal Zone Management, which assists the States in their efforts to balance coastal resources among forces advocat-

ing recreational uses, wildlife sanctuaries or commercial uses such as offshore petroleum-gas development.

NOAA's Office of Oceanic and Atmospheric Services reported and forecast the weather, managed an oceanographic fleet, prepared nautical and aeronautical navigational charts and aids, and operated a massive environmental data storage and retrieval system. NOAA's Office of Earth Satellite Services is in charge of the country's environmental satellite system. At laboratories around the country, NOAA conducted a multitude of research programs to support its atmospheric, oceanic, and space missions. It was also a party to wide-ranging international efforts in the marine and meteorological fields.

The scope of the **Office of the Chief Economist** was expanded in FY 1980. The Department's business analysis functions were integrated with the Chief Economist's responsibilities for measuring the overall economy. A new unit, the **Bureau of Industrial Economics (BIE)**, began analyzing business sectors and major industries, to accompany such assessments of statistical aggregates as the Gross National Product, personal income, business capital investment and government purchases. Thus the Chief Economist's office has become the "parent" for most of the Department's domestic economic and statistical functions. Meanwhile, it retains a strong international flavor, since another of its units, the **Bureau of Economic Analysis (BEA)**, assembles the international balance of payments accounts, and still another, the **Bureau of the Census**, collects foreign trade data.

The Bureau of Economic Analysis provides a clear picture

of the U.S. economy through its development and interpretation of the economic accounts of the United States, which place useful dimensions on production, distribution, and use of the Nation's output. Its work assumed new significance in 1980 as the issues of inflation, economic growth, income distribution, and the U.S. role in the world economy became, more than ever before, topics of wide public interest.

The Bureau of the Census is the oldest and most important fact-finding agency of the Federal Government. It produces detailed statistical profiles of the Nation, supplying information on population, housing, agriculture, manufacturing, service industries, wholesale trade, retail trade, foreign trade, mining, transportation, construction, and the revenues and expenditures of state and local government. FY 1980 was the year in which the Bureau met its Constitutional requirement of taking the Decennial Census of Population and Housing. This massive once-per-decade task, always the subject of widespread public attention, came under even more intense scrutiny this year as local officials, dependent on Census population figures for Federal revenue-sharing funds, challenged the Bureau to make full and complete counts of their residents.

FY 1980 saw the establishment of the **Office of Productivity, Technology and Innovation**, whose name accurately reflects its mission. Working to develop stronger links between government and industry, it concentrated on three lines of activity: 1) opening up to best use by industry the wealth of information on industrial technology produced in Federal laboratories and programs; 2) in

cooperation with individual industries, establishing Cooperative Generic Technology Centers to help create innovative industrial technologies; and 3) preparing for the formation of new enterprises to provide start-up capital and assistance to new, high-risk firms. The new office is headed by the Assistant Secretary for Productivity, Technology and Innovation, formerly the Assistant Secretary for Science and Technology.

The National Bureau of Standards (NBS) is the Nation's central reference laboratory for measurements in the physical sciences and engineering. The Bureau's researchers provide information needed to foster technologies that can make best use of the country's physical and intellectual resources. For example, to an energy-conscious America, the Bureau in FY 1980 contributed new test methods to determine the energy content of municipally collected refuse and waste, new measurement systems to assist the design of more fuel-efficient combustion engines, and initiated promising research toward the creation of better solar energy-absorbing surfaces. Other timely research was carried out in the anti-pollution, anti-corrosion, nuclear, data processing, and fire safety fields.

The Patent and Trademark Office (PTO) administers laws designed to encourage U.S. technological advancement by providing incentives to invent, invest, and disclose new technology, and by assisting orderly development of the marketplace. Its primary duty under the patent laws is to examine patent applications, grant patent protection, and disseminate the information disclosed in patent grants; similarly, it examines applications to register trademarks, grants

Federal registration to owners of qualified marks, and maintains a forum for resolving trademark disputes. Patent applications totaled 112,315 in FY 1980, an all-time high, and trademark registration filings went up to 52,149, continuing the uptrend that began in 1976. Backlogs increased in both areas. A major development in patent law occurred in FY 1980, when the Supreme Court ruled that a patent can be legally granted on a living microorganism. This is expected to have far-reaching consequences in the expanding field of biotechnologies.

The National Technical Information Service (NTIS), collects and disseminates unclassified U.S. and foreign government-sponsored research and development reports, machine processable data files, computer programs, and government inventions for licensing. Its total information collection now exceeds 1.2 million documents. More than 6 million items were distributed during FY 1980, for total sales of \$21.8 million that maintained the Service's self-supporting status. Also during FY 1980 a Center for Utilization of Federal Technology was instituted, as part of the program mentioned above to improve the flow of innovative information from Federal laboratories and R&D centers to U.S. industry.

The **Maritime Administration (MarAd)** carries out the Federal mandate to maintain a modern, privately owned merchant marine able to carry a substantial portion of U.S. foreign trade and to stand ready to meet the country's defense requirements. Major support to the shipping and shipbuilding industries is provided through subsidies and financing

guarantees, marine research and development, training, port development, market development, and other domestic and foreign shipping activities. Of significance in FY 1980: Government guarantees of private ship construction loans projected at about \$1 billion, with 600 vessels covered; 20 large merchant vessels delivered; backlog at year-end, 53 ships under construction or on order, valued at \$2.4 billion; decline expected in shipbuilding activity during FY 1981 and '82; Congress studying the most sweeping maritime legislation in 40 years; negotiations in progress with the People's Republic of China on a bilateral maritime agreement; MarAd and the Defense Department began a joint program that will bring merchant ships into U.S. Navy rapid deployment efforts.

The **Economic Development Administration (EDA)** is charged with assisting the growth of economically lagging areas in order to create or maintain employment. Of timely note is the priority that EDA has given to projects that demonstrate the economic benefits of fuel conservation.

In FY 1980, EDA provided \$609 million in funding for communities and businesses. Such help included, but was not limited to, \$243 million in public works grants and \$213 million in business loans and guarantees, including assistance to help companies overcome dislocations caused by competition.

The **Minority Business Development Agency (MBDA)** has the mission of increasing business opportunities for minority entrepreneurs. To this end it works closely with Federal organizations, State and local governments, and private businesses. In FY 1980, its first full year of operation as

the successor to Commerce's Office of Minority Business Enterprise, the Agency concentrated on four courses of action. First, it worked to increase the participation of minority entrepreneurs in growth sectors of the economy, including high technology. Second, it sought to increase the availability of capital from public and private sources to finance the establishment or expansion of minority firms. Third, it provided specialized assistance to small firms with expansion potential, so that they might join the ranks of America's growth companies. Fourth, it coordinated programs leading toward economic parity for minority business persons; for example, survival assistance to automobile dealerships or encouraging companies to begin exporting.

The **Office of Regional Development** helps to carry out the responsibilities that the Secretary of Commerce delegates to the regional development program. States within a designated region are invited to form a regional commission composed of member state governors and Federal Cochairmen appointed by the President. Eight commissions serving 34 states have been organized since 1966. As a framework for Federal/State decision-making, the commissions identify regional needs, set priorities and strategies. In FY 1980 the program operated with a \$62 million budget under a continuing resolution, and in FY 1981 the funding level was reduced to \$44 million.

The **United States Travel Service (USTS)** is, in effect, the U.S. national government tourism office, working to increase U.S. international tourism receipts and visitor arrivals. All indications are

that new records in visitor arrivals and receipts were set by the United States in FY 1980. USTS promoted this trend through research, marketing programs, technical assistance to State and local governments, and encouragement of multilingual tourism facilities and reception services. It also provided assistance on policy matters affecting international tourism.

The **National Telecommunications and Information Administration (NTIA)** works to assist competitive performance in the U.S. communication industry through participation in Federal Communication Commission hearings, Congressional testimony, and other initiatives. It is the principal adviser to the President on communications policy. It also manages the Federal Government's share of the radio frequency spectrum, helps public service units plan more effective use of communications, and performs extensive applied scientific and engineering research.

Guiding the program of these agencies is the job of the Department's top management team, which includes:

- **The Secretary of Commerce**, who is the Department's chief line officer and who, by law, is responsible for executing virtually all of its substantive authority;
- **The Deputy Secretary**, who is the Secretary's chief assistant, and acts in the Secretary's stead when the Secretary is absent or otherwise unable to discharge the duties of the office;
- **The Associate Deputy Secretary**, who is the principal liaison to constituents, industry, business, and other Government agencies;

- **The General Counsel**, who provides legal advice and serves as the Department's chief legal officer on all matters except the issuance of patents and the registration of trademarks.

- **The Assistant Secretary for Policy**, who helps shape new policies that guide the Depart-

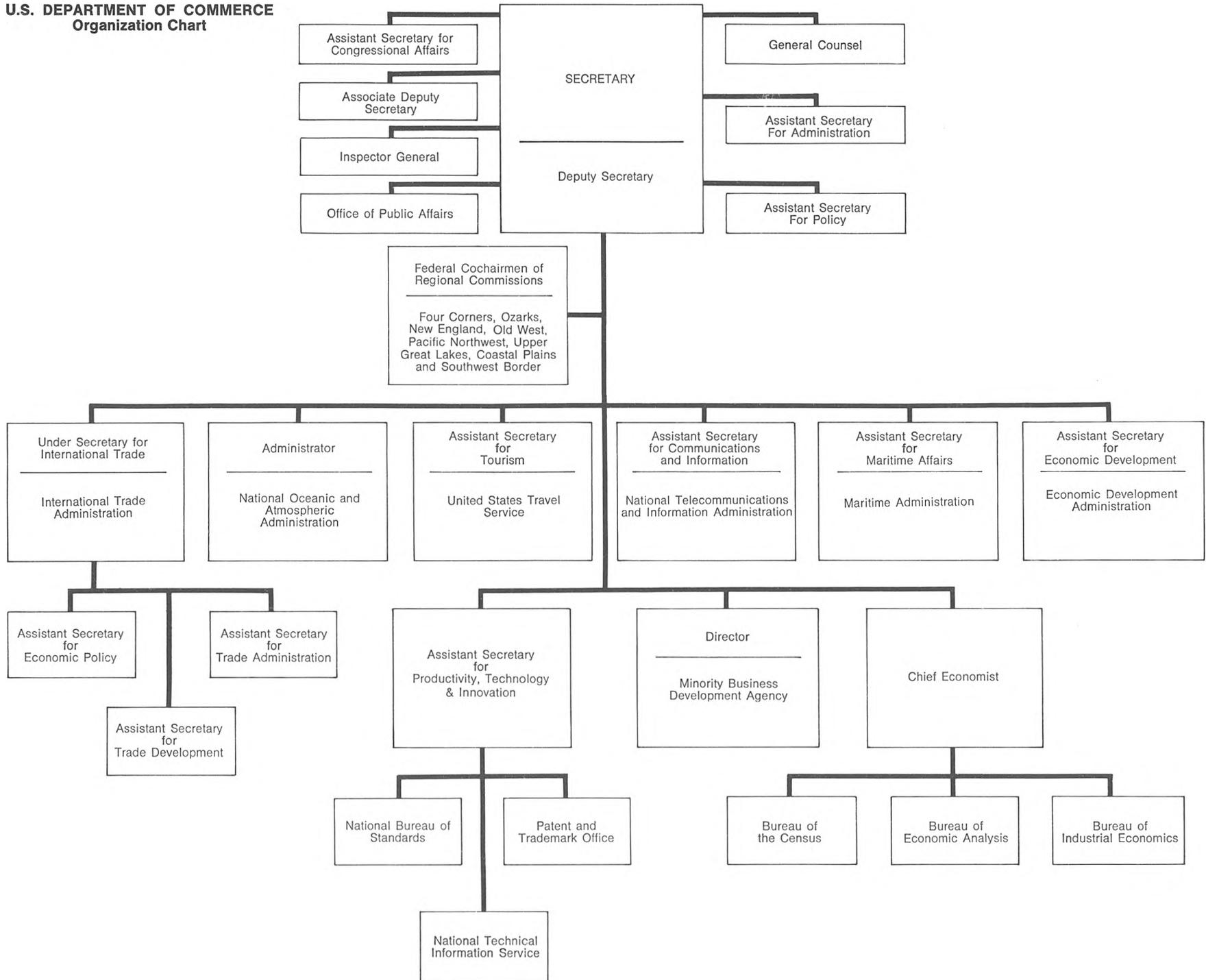
ment's programs;

- **The Assistant Secretary for Administration**, who serves as the chief adviser on financial, personnel, and other matters of administrative management and supervises certain administrative services provided centrally,
- **The Assistant Secretary for**

Congressional Affairs, who advises the Department on Congressional matters and coordinates Congressional affairs programs, and

- **The Inspector General**, who heads the Department's audit and investigative organization.

**U.S. DEPARTMENT OF COMMERCE
Organization Chart**



Chapter Two

COMMERCE PROGRAMS WORKING TOGETHER

The Commerce Department continued to improve its communications and delivery services to business, consumers, and State and local government in FY 1980.

The Secretarial Representatives help promote all Commerce Programs and Secretarial priorities and represent the Secretary and the Department in the 10 Federal regions. Other components of ADS are:

The Office of Business Liaison (OLB), the Consumer Affairs Office (CAO), the Government Liaison Office (OGL), the Office of Program Coordination (OPC) and the Office of Small and Disadvantaged Business Utilization (OSDBU).

Other ADS functions include outreach to encourage U.S. industrial productivity and innovation. For example, OGL is responsible for Commerce's task force on the Intergovernmental Science, Engineering and Technology Advisory Panel (ISETAP), which seeks to find the best ways of helping State and local governments develop new technology.

One project highlighting ADS' coordinating role between DOC agencies and other governmental units was the February, 1980 Pacific Basin Development Conference held in Kuilima, Hawaii. OGL had primary responsibility for planning and directing the Conference, which brought together representatives from Federal agencies, Territorial Governments, and private industry to discuss economic development of the American islands in the Pacific. OGL produced the *Final Report of the Pacific Basin Conference* which was presented to the President on August 7, in a White House ceremony.

Coordinating agency programs for greater impact is one way to

improve DOC service delivery. Insuring that those services are more responsive to departmental constituents is another. The ADS also administers several offices which focus on the latter goal.

The **Office of Small and Disadvantaged Business Utilization (OSDBU)** helps small and disadvantaged firms gain access to the DOC procurement process and insures that the Department's agencies are aware of existing firms when setting out their procurement contracts.

Consumer Affairs:

Advises business on responding to consumer needs;

Provides informational materials to business and consumers on the Department's consumer-related services; and is the point of contact for consumer inquiries and complaints.

In 1980, the Office of Consumer Affairs developed and implemented a comprehensive Consumer Program in response to a Presidential Order on "Federal Consumer Policy" (see the *Federal Register*, June 9, 1980. Issuing quarterly notices of upcoming Commerce regulatory activities to consumers and public interest groups is a new procedure begun under the Program. Major policy issues under review this year included privacy legislation, product liability, development of a seafood nomenclature system, "teletext" (a system for transmitting printed information to consumers on specially-equipped television sets), and a program to accredit product testing laboratories.

Commerce also initiated a project in 1980 to revise and reissue a series of *Consumer Affairs Guides* for business which will serve as voluntary self-regulating responses on such issues as advertising, warranties,

credit, product safety, and complaint resolution.

Finally, the Office of Consumer Affairs resolved over 1,200 consumer complaints and inquiries in FY 1980 through mediation between consumers and businesses.

NBS Activities

The Center for Consumer Product Technology within the National Bureau of Standards (NBS) provides a wide range of research and information services to other Government agencies, and ultimately the private sector, in improving the performance, safety, and durability of consumer products. Highlights of the Center's activities in FY 1980 include:

- Developed new and modified existing test procedures to measure energy usage for approximately 15 household appliances. This work was accomplished on behalf of the Department of Energy.
- Scheduled and participated in several sessions of Washington area Consumer Sounding Boards dealing with standards for tire purchases and the need for safety standards for portable drop-side cribs and playpens.
- Conducted research to assist the Consumer Product Safety Commission's effort to reduce chain saw injuries.
- Conducted research for the National Highway Traffic Safety Administration on automobile ignition locks, in support of efforts to reduce automobile thefts, which often lead to accidents.
- Issued a five-page illustrated feature story on "Fire Safety for Wood Burning Appliances," for the November 1979 issue of *Dimensions/NBS*, the magazine of the National Bureau of Standards. The article received exten-

sive coverage in hundreds of daily newspapers throughout the country, thus reaching a large consumer audience.

- Assisted the *Hearst Metrotone News* in preparing a 12-minute color film entitled "Taking America's Measure," which was distributed as a Screen News Digest educational film. The film, which describes the importance of measurement on daily living, was seen by 3 million junior and senior high school students throughout the United States.
- Provided learning opportunities through community outreach efforts by NBS staff for a total of 4,700 elementary and high school students in the Montgomery County, Md., and Boulder, Colo., areas. Participants included gifted as well as interested students. The program aimed at encouraging interest in careers in science, with emphasis on females and minorities who traditionally have been underrepresented in this field.

Fisheries Activities

The **National Marine Fisheries Service (NMFS)** of the National Oceanic and Atmospheric Administration is responsible for ensuring continuing abundance of varied fishery products through promotion, conservation, and management of U.S. fishery resources.

In November 1979, NMFS established a Consumer Affairs Branch within its Office of Utilization and Development, which:

- Provides the Assistant Administrator of Fisheries with consumer views on fishery policies and programs.
- Coordinates the activities of the Consumer Affairs Subcommittee of the Marine Fisheries Advisory Committee (MAFAC).
- Facilitates consumer involvement in fisheries activities.

- Is the point of contact for consumer inquiries and complaints.
- Represents NMFS in consumer-related councils and committees at the Departmental and inter-agency levels.
- Provides consumer education and information activities and technical assistance for consumers where appropriate.

Grant Assistance

Several consumer-related grants and special projects, funded under the Saltonstall-Kennedy Act, were initiated in FY 1980. A total of \$475,000 was awarded to consumer, trade, and nutrition organizations, for projects such as determining consumers' attitudes toward seafood and seafood consumption patterns; developing informational materials, and educating consumers on the nutritional value, economy, handling, and preparation of fish and fish products. In addition, research projects were funded to determine the composition, therapeutic value, and effects of preparation and cooking on the nutritional value of shellfish and finfish.

NMFS' Consumer Affairs Branch conducted a variety of educational and informational activities for consumers, industry, academia, and the media during 1980, including:

- Responded to several hundred requests for information, printed materials, photographs and color transparencies, making referrals when appropriate;
- Contributed fishery supply and "best buy" data to the *National Consumer Buying Alert* produced by the U.S. Office of Consumer Affairs;
- Provided quarterly news releases, recipes, and text, including nutritional information, photographs, and transparencies, to

over 800 food editors and media representatives nationally;

- Participated in various workshops, conferences, and meetings on the nutrition, quality, inspection and grading, preparation and handling of fishery products;
- Made presentations to various industry, school lunch, academic, and consumer groups on the Commerce seafood inspection and grading program, seafood nutrition, and truth-in-menuing;
- Provided nutritional information and research data to the Pillsbury/Honeywell "Nutribank," a computer service which provides nutritional values for recipes (i.e., prepared foods);
- Developed and distributed new publications on the Commerce inspection program and seafood nutrition;
- Distributed 10,000 copies of a teacher's unit on seafood products which includes cassette tapes, film strips, a teacher's guide, and student handouts, and
- Revised and updated the *Food Fish Facts* series of handouts for publication and distribution.

Telecommunications

The **National Telecommunications and Information Administration (NTIA)** is responsible for developing telecommunications policies relating to the Nation's economic and technological advancement and to the regulation of the telecommunications industry.

In FY 1980, NTIA's major consumer-related accomplishments included establishing a committee on "Usage Sensitive Pricing," which considers how the pricing of local telephone calls is determined. The Committee, which includes representatives of major consumer organizations, was created to assist the exchange of information on this issue.

NTIA developed and published in the *Federal Register* a program for the reimbursement of legal and other fees of public interest groups. These groups could contribute importantly to NTIA rule-makings and policy development activities but need financial help in order to do so.

Through its Public Telecommunications Facilities Program, NTIA awarded almost \$24 million in grants to public telecommunications entities in 46 States, the Virgin Islands, and the District of Columbia. Most of these grants went to public radio and television stations to help them provide public telecommunications services to people not previously served, or to improve their existing services. Of this year's grants,

97 were awarded after special consideration had been given to the participation of women or minorities in the ownership or control of the entity in question. Throughout the year, the Facilities Program staff engaged in extensive outreach activities to the public telecommunications community, especially in technical assistance to help applicants evaluate their problems.

NTIA also awarded four grants totaling \$1.18 million to stimulate the development of self-supporting businesses that will use communications satellite systems for national public service. The program's early stages will emphasize programming which uses television and two-way voice communications for education,

training, teleconferencing, and community outreach.

As lead agency for the President's Privacy Initiative, NTIA drafted and submitted to Congress legislation that would provide the individual with the right of access to, and the right to correct, sensitive personal records maintained by financial institutions. NTIA continued its Congressional work by preparing legislation protecting research and electronic fund transfer records. It also worked with the Department of Health and Human Services in support of medical records privacy legislation and, with the Department of Labor, held joint hearings on the privacy of employment records.

Chapter Three:

OPERATING UNITS

Chief Economist

In fiscal year 1980, the Office of the Chief Economist (OCE) was involved in a major organizational expansion and the once-in-a-decade task of counting the Nation's population. Also, the ever-present task of assessing economic statistics and analyzing the economy became much more challenging than usual because of the erratic course of the Nation's business that followed the swift rise in oil prices in the spring and summer of 1979.

OCE's scope was expanded as the Department's business analysis functions were integrated with the Chief Economist's responsibilities for the overall economy. The new agency, **Bureau of Industrial Economics (BIE)**, began analyzing sectors and major industries just as the OCE assesses statistical aggregates such as

gross national product, personal income, business capital investment, and government purchases.

Thus, the OCE has become the "parent" office for most of the Department's domestic economic and statistical functions, just as ITA has taken over international business responsibilities. The OCE retains a strong international flavor, however, since one of its agencies, the **Bureau of Economic Analysis (BEA)**, assembles the international balance of payments accounts, and another, the **Bureau of the Census**, collects foreign trade data. Also, international development must be considered in formulating forecasts of both the U.S. economy and major sectors since most industries are involved in exports and imports.

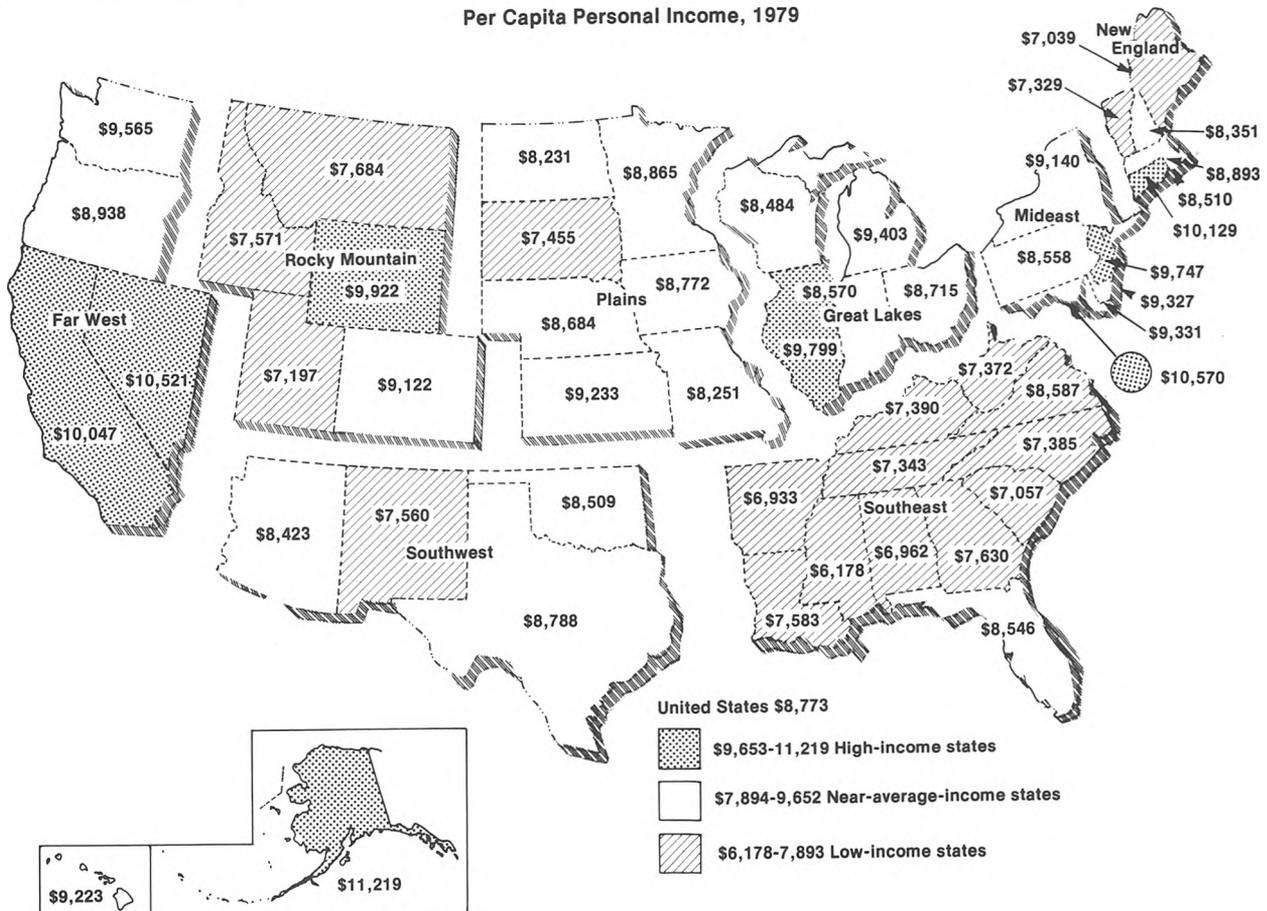
The Chief Economist had developed a structure and a skeleton

staff for BIE some time before it was given control over that office. The business specialists continue to provide information, analyses and forecasts to industry, but the Director has placed increasing emphasis on the type of analysis that will alert policymakers to problems in specific industries or sectors. Also, the Director has asked for examination of broader issues such as the impact of higher energy prices and trends in productivity. Analyses of major interest are summarized in the agency's new publication, the *Industrial Economics Review*.

The reorganization is designed so that the overview of OCE's macro-economists and the more specific, structural approach of BIE will be mutually reinforcing.

The public was generally cooperative in the taking of the

Per Capita Personal Income, 1979



1980 Census, and the preliminary population count was well above the Bureau's expectations. An unusually large number of local officials challenged the results, however, and many of them asked for adjustments in their population statistics. Many Federal and State assistance programs, involving tens of billions of dollars, are predicated in part on Census figures, and the growth of these programs in the 1970's has brought greatly increased interest in the decennial Census. Lawsuits and legislation included proposals to adjust the figures reported by Census for drawing the boundaries of Congressional districts and other political entities and for use in administering programs.

Some local officials were surprised by the low counts in some areas because they had based their estimates on housing units. Since the average size of households had declined sharply in the 1970's, the number of housing units did not prove a reliable indicator of total population.

In the OCE's Economic Highlights series, published in the biweekly magazine, *Business America*, noteworthy articles included:

- middle band of states suffers most in recession
- size of governments unchanged in 1970s
- taxes reach record share of income
- conversion of data of purchasing agents into a composite "leading indicator" index
- exports of manufactured goods provide 4 percent of nation's jobs
- defense purchases show rise after adjustment for inflation
- how anti-pollution controls affect productivity
- four major economic issues in Puerto Rico
- energy price increases affect growth, structure of U.S. industries

- an explanation of several measures of profits

The OCE played a major role in assisting the Office of Public Affairs in conducting the first economic workshop for journalists, with the Chief Economist and members of her staff serving as discussion leaders at many of the sessions. About 25 journalists, most of them from outside Washington, participated, and they indicated that the seminar had been beneficial.

The **Office of Federal Statistical Policy and Standards** also a constituent unit of OCE, placed a high priority on improving access to Federal data. The agency, which sets Government-wide policies and standards relating to statistics, prepared a list of "Contacts for Users," and developed plans for improving the *Federal Statistical Directory*. A prototype directory of 200 machine-readable data files was developed and then expanded to more than 800 data files.

The *Standard Occupational Classification Manual* was revised two years ahead of schedule in response to requests from agencies for classifications that could be used throughout the 1980s. The manual provides titles and descriptions of occupations to ensure that data from various agencies will be compatible.

Bureau of Industrial Economics

The **Bureau of Industrial Economics (BIE)** was established in January 1980 as part of President Carter's reorganization of the Federal agencies dealing with foreign trade. The new bureau takes policy direction from the Office of the Chief Economist—where both the Bureau of the Census and the Bureau of Economic Analysis (BEA) were

already located. The formation of BIE established domestic industrial analysis as a discrete function within the Department. It also improved coordination of the Department's three data-related programs: statistics and data collection (Census), macroeconomic analysis (BEA), and microeconomic analysis (BIE).

BIE was established to meet the growing need within the Government for an enhanced capability for industry-specific data and analysis. The new Bureau was designed to respond to the data and analytical needs of the various elements of the Commerce Department and other Federal Government agencies, as well as the business community.

Most of BIE's staff was drawn from the former Bureau of Domestic Business Development (BDBD), which, until January 1980, was part of Commerce's Industry and Trade Administration. Some of the staff was recruited from the Office of Industrial Economics, formerly a component of the Office of the Chief Economist. On this base, the Bureau has begun to build a well rounded analytic staff.

By mid-1980 all BIE units—both those carried over from BDBD and those established under the new structure—were in place. These include:

- **Office of Basic Industries**, which has responsibility for metals and minerals, chemicals, construction and engineering, and forest products.
- **Office of Producer Goods**, which has responsibility for industrial equipment, transportation equipment, and electronics equipment.
- **Office of Consumer Goods and Service Industries**, which has responsibility for consumer products, wholesale and retail trade, and services.
- **Office of Industry Economic**

Research and Analysis, which performs analyses to support the current policy needs of the Department and other Government agencies. The Office's work includes the basic research needed to define the industrial environment over the next decade in light of demographic developments, patterns of natural resource supply, trade pressures, and other factors, to foresee the types of problems that could occur. The Office publishes the *Industrial Economics Review*, which presents reports and studies based on the Bureau's work.

- The **Office of Industry Statistics and Data Development and Coordination**, which compiles and maintains an industrial data base and econometric models for the use of BIE and for service to its clients. It provides or assists in acquiring specializing software needed for data processing, participates in the projects of other BIE offices, and obtains and processes statistics for Bureau projects and publications.
- The **Publications and Public Affairs** unit responds to inquiries from the press and the public, issues press releases, and works with other Department public affairs units in carrying out the Department's public affairs program.

BIE's Mission

The Bureau's major assignments are to:

- Assist the Government's economic relationship to industry by performing needed economic analysis.
- Provide industrial data and analysis in support of the Department's mission in international trade, industrial policy, defense mobilization, and regional development.
- Publish industry statistics, analyses, and forecasts to satisfy

the needs of both the government and the business community.

1980 Accomplishments

In addition to providing analytic and statistical assistance to a wide variety of Commerce Department activities, BIE furnished active support to a number of other Federal agencies, including major studies of industries, statistical analyses, briefings on current industrial issues, and studies of government's impact on industries. Non-Commerce agencies receiving such support in FY 1980 included: Department of Defense, Department of State, Department of Energy, Department of Labor, Central Intelligence Agency, Federal Trade Commission, and General Services Administration.

BIE also provides ongoing support to the Legislative Branch, both individual Senate and House offices, and to various Congressional committees.

BIE studies prepared for general audiences included:

- *Energy Usage Trends for Selected Manufacturing Industries*, a study of how the eight most energy-intensive manufacturing industries have adjusted to higher energy prices by various combinations of conservation, technical change, and shifting product mix.
- *Inflationary Pressures in the Softwood Lumber and Softwood Plywood Industries in the 1980's*.
- *Long-run Trends in the Regional Distribution of Manufacturing Activity*, which related population movements to industrial shifts, and discussed the diverse causes of these trends.
- *Evaluating the Performance of U.S. Manufacturing Industries*.

In addition to such one-time, special purpose reports, BIE publishes several periodicals. While its publishing program is modified from time to time to suit current informational needs of both Government and the private

sector, the FY 1980 program is representative.

The principal BIE publication is the *U.S. Industrial Outlook*. Prepared in 1980 for release in January 1981, the *1981 Outlook* will be distributed throughout the Legislative and Executive Branches. Its 25,000 copies are purchased each year by people in business, industry, finance, government and academia. In addition to the *Outlook*, BIE published:

- Monthly and quarterly periodical reports on specific industries, such as *Construction Review*, *Copper*, *Forest Products Review*, and *Printing and Publishing*.
- The 14th Annual Report of the President to the Congress on the operation of the Automotive Products Trade Act of 1965 and the accompanying list of certifications of United States bonafide motor vehicle manufacturers, as required by the Act.
- *Franchise Opportunities Handbook*, which identifies franchisers who reportedly do not discriminate on the basis of race, color, or national origin in the availability, terms, or conditions of their franchises. The listing provides a brief summary of the terms, requirements, and conditions under which the franchises are made available. It also includes general information on franchising, suggestions and checklists to assist and protect the potential investor, sources of franchise information, and identification of government and private organizations which assist minority entrepreneurs.
- *Franchising in the Economy*, a survey of franchisers representing the vast majority of business format franchising sales and establishments in the United States. It includes data on sales, employment, number of establishments, minority ownership, inter-

national franchising, and types of changes in ownership.

- *Industrial Economics Review*, a semi-annual publication presenting research papers on a wide variety of industrial economic issues.

BIE introduced a program of seminars on industrial economics during FY 1980. Nine seminars were presented on such topics as the development of micro-economic policies, challenges facing the automobile and steel industries, input-output analysis, energy prices and sectoral productivity, and developments in industrial and international price measurement programs and their relevance to industrial analysis.

BUREAU OF THE CENSUS

The Bureau of the Census grappled with the Herculean task of counting the Nation's 226 million people in FY 1980. At the same time, the Bureau continued to produce a stream of crucial economic and social statistics ranging from retail trade and housing starts to world population.

As required by the Constitution, the Bureau expands suddenly every 10 years to count the population and find out where people are living. The original purpose was to establish a basis for drawing Congressional district boundaries, but the array of statistics collected are used for many other purposes today—in government, business and research.

The Census Bureau is the oldest and most important factfinding agency of the Federal Government. It produces detailed statistical profiles of the Nation, which include information on population, housing, agriculture, manufacturing, service industries, wholesale trade, retail trade, foreign trade, mining, transportation, construction, and the revenues and

expenditures of State and local governments.

The 1980 Census

The 20th Decennial Census of Population and Housing officially began on Tuesday, April 1, 1980. The census counted approximately 226 million people and 88 million housing units in the United States, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territories of the Pacific Islands. Data were compiled for 3,200 counties, 20,000 incorporated towns, cities, and villages, 37,000 county subdivisions, 45,000 census tracts, 300,000 enumeration districts, and 2,500,000 city blocks.

Every known household in the United States received a census questionnaire in the mail on March 28, 1980. About 90 percent of the households were asked to mail back their completed questionnaires. The remaining 10 percent, primarily those in sparsely settled areas, were instructed to keep their completed questionnaires until census takers came to pick them up.

Households that failed to mail back the completed questionnaires were visited by census takers to obtain the required information. For every 1 percent of the population that complied with the request to mail back the completed questionnaires, the taxpayers saved \$2 million.

A temporary work force of approximately 270,000 persons was hired to check the questionnaires for completeness, to carry out door-to-door interviews where necessary, and to handle office tasks. Some 1.3 million people were screened and tested during the hiring process.

Census employees worked out of 409 temporary district offices across the country. For economy, the offices were equipped with

special cardboard furniture.

Approximately four out of five households were asked to answer the 19 questions on the short version of the questionnaire. The remaining households responded to a longer version with 46 additional questions. Most people answered the short version in 15 or 20 minutes; the longer version took about 45 minutes.

After processing through high-speed microfilming equipment, the data were transmitted electronically to computers at Census Bureau headquarters in Suitland, Maryland. No names or addresses from the questionnaires were transmitted to the computers. The Bureau did not ask for Social Security numbers.

Data processing by Census Bureau computers yielded an estimated 300,000 pages of statistics. The information, which cannot be used to identify an individual's census answers, was also available in microfilm and on computer tapes.

By law, the Census Bureau will report State population counts to the President by January 1, 1981, for the purpose of apportioning the seats in the House of Representatives as provided for in the Constitution.

Exactly a year after Census Day, the Bureau will make available to each State legislature population totals for all counties, cities, and certain recognized political representatives as provided in the State. Court rulings on the one-person, one-vote principle have led State and local governments to use this information for drawing legislative and other boundaries.

Most of the 1980 census questions were also asked during the 1970 census, including subjects such as age, race, sex, marital status, type of housing unit, education, and occupation. This

census gathered more information about racial and ethnic origin, national energy usage, and journey-to-work patterns.

The 1980 census provided more statistical information about more geographic areas than any previous census. These findings were necessary in addressing the needs of the people, and in the planning and management of government at Federal, State, and local levels. Census data have directly influenced decisions on matters of national and local importance, such as education, employment, transportation, military manpower potential, business cycles, the needs for health services, parks, water, energy, and international relations.

Over the years, the Census Bureau has developed an extensive program for consulting with users of its statistics, primarily through advisory committees, and conferences and workshops in which the latest methods of handling census materials are studied to assure that the statistics are widely used.

The Bureau's staff, which includes demographers, geographers, statisticians, mathematicians, economists, computer specialists, and other professionals, has an international reputation for expertise in fact-finding.

Since 1946, the Bureau has trained hundreds of persons from statistical organizations in other countries. It consults regularly with foreign statistical agencies to take advantage of the latest techniques being developed in the United States and abroad.

The Economic Censuses

Most of the final reports of the 1977 Economic Censuses were issued during 1980. Included were all 82 of the Census of Manufactures' industry reports, all of

the State reports on retail, wholesale, and service trades, and all of the reports of the Censuses of Construction Industries and Transportation. Also issued during 1980 were the 53 reports in the 1978 County Business Patterns series.

Results of the 1978 Census of Agriculture were released to newspapers, radio and television stations, and farm magazines in 26 States during 1980. News releases and detailed preliminary reports covering each county with 10 or more farms were mailed to the local news media. Tabulations are being completed for the remaining States, and the first summary report—Volume I, State and County Data—was published in October.

Bureau of Economic Analysis

The Bureau of Economic Analysis (BEA) plays a major role in the measurement and analysis of U.S. economic activity. BEA provides a clear picture of the economy through the development, preparation, and interpretation of the economic accounts of the United States. The accounts provide a quantitative view of the economy in terms of production, distribution, and use of the Nation's output.

The economic accounting framework established by BEA has become a mainstay of modern economic analysis concerned with such key issues as inflation, economic growth, income distribution, and the Nation's role in the world economy. The accounts and policy-oriented analysis related to them play an influential role in the formulation of government and private business policies.

National income and product accounts provide a comprehensive view of the state of the economy and relationships among its major

economic groups—consumers, business, government, and foreign. Gross national product (GNP), the market value of the Nation's output of goods and services, is the cornerstone of the national income and production accounts. The accounts show the kind of goods and services that make up the GNP, and the kind of income, such as personal income and profits, generated in its production. Measures of changes in the prices of the goods and services that make up the GNP are also provided.

Wealth accounts show the holdings of the Nation's tangible wealth, including structures, equipment, inventories, residences, and consumer durables. Estimates of the structures and equipment owned by business are crucial to the analysis of the Nation's ability to produce goods and services.

Input-output accounts show how industries interact—buying from and selling to each other—to produce the GNP. These accounts provide a cross-sectional view of the economy that is especially useful for industry analyses and projections.

Income size distribution accounts show how the Nation's income is shared among families by income size and by age, sex, and race of family head. This information is used by government in formulating tax policy and welfare programs and by business in marketing decisions.

Environmental accounts show the expenditures made by business, consumers, and government to protect the environment. These accounts show what portion of GNP goes to produce a cleaner environment.

Regional accounts provide detail on economic activity by region, State, standard metropolitan statistical area (SMSA), and county.

Estimates of personal income by State and county are among criteria used to allocate Federal revenue-sharing funds. BEA's projections of population, employment, personal income, and earnings are used by planners to forecast demand for goods and services.

Balance of payments accounts give details of U.S. transactions with foreign countries and on the international investment position of the United States. These accounts contain estimates of the major types of international transactions, such as exports, imports, travel, transportation, foreign aid, private investment flows, and changes in monetary reserves.

This system of accounts is supplemented by various other tools for measuring, interpreting, and forecasting economic developments. BEA regularly surveys U.S. business capital investment outlays and plans, and manufacturers' capacity utilization. BEA maintains a system of indicators to track business cycles and evaluate the cyclical nature of aggregate economic activity. Econometric models are developed and operated by BEA to forecast short- and long-term changes in economic activity and to analyze the effects of alternative fiscal and monetary policies. However, while BEA provides policy-oriented analysis that focuses on spotting and diagnosing of emerging economic problems and on alternative economic policies that might be used to deal with these problems, the Agency does not provide policy advice. This is considered essential to preserving BEA's objectivity and professional integrity.

Most of BEA's work is published in its monthly journals: *The Survey of Current Business* and *Business Conditions Digest*, both available from Superintendent of Docu-

ments, U.S. Government Printing Office, Washington, D.C. 20402. The *Survey of Current Business* is the journal of record for most of the estimates of the national, regional, and international accounts. A regular article reviews recent economic developments and analyzes significant emerging trends. Special articles present findings from ongoing BEA programs and special research projects, which contribute to a better understanding of the economy. In addition, the *Survey* contains a statistical section with 2,500 series from 100 sources covering all aspects of the economy. *Business Conditions Digest* is designed for business cycle analysis. It contains charts and tables for 500 economic series, including the composite indexes of leading, coincident, and lagging indicators, that provide insights into broad movements in the economy.

A catalog of publications and computer tapes is available from the Bureau of Economic Analysis, U.S. Department of Commerce, Washington, D.C. 20230.

Major 1980 Accomplishments

A benchmark revision of the national income and product accounts was begun in 1979 and largely completed in 1980. The revisions incorporate new statistical information and introduce improvements in definitions, classifications, and methodology. Revised estimates and an explanation of the revisions will be published this winter.

Monthly estimates of personal taxes, personal consumption expenditures, disposable personal income, and personal savings were published for the first time. These series help measure the purchasing power and spending and saving habits of American consumers.

BEA has taken over the estimation of the high-employment budget for the Federal Government. This function was formerly performed by the President's Council of Economic Advisers. These estimates separate the impact that changes in economic activity have on the budget from the impact of changes created by Federal Government policy. They assist policymakers in determining whether the budget is restrictive or expansionary.

Detailed input-output tables for 1972 were completed. They show what 496 industries buy from and sell to each other and what they sell to consumers, business, government, and foreigners.

Constant-dollar expenditures (expenditures adjusted for price changes) for goods and services used for pollution abatement as well as price indexes for these goods and services were published for the first time.

Preliminary estimates of the value of the services of automobiles, furniture, and other durable goods owned by consumers were published for the first time. Estimates of the allocation of personal time among such activities as paid work, unpaid household work, leisure, and eating and sleeping were completed.

BEA published the findings of a study on the sensitivity of regional and State nonfarm wages and salaries to national business cycles. The study showed which regions and States have been most affected by changes during national business cycles. It also showed how industries in regions and States were affected.

Projections of personal income, population, per capita personal income, and employment and earnings by industry through the year 2030 were completed. The projections which are for States, SMSA's and BEA Economic Areas

will be published this winter.

A technical report documenting the structure, performance, and application of the National-Regional Impact Evaluation System was completed by BEA in 1980. This system is an econometric model designed to measure the impact on States of government programs and private sector developments.

Another technical report produced by BEA shows the estimates, analysis, and applications of the Regional Industrial Multiplier System. This system converts the 496-industry national input-output model for use in measuring the impact on States, SMSA's, and counties of Federal Government programs and private sector developments. The U.S. Department of Defense is already using this system in estimating the impact of military base location.

A classification by industry of international royalties and licensing fees for unaffiliated U.S. and foreign companies was completed and published for the first time. Royalties and licensing fees represent the return on and payment for the use of international manufacturing rights, copyrights, patents, and trademarks.

Preparation for publishing the findings of the survey of U.S. direct investment abroad for 1977 were completed. This survey provides financial and operating data on U.S. parent companies and their foreign affiliates.

Assistant Secretary for Productivity, Technology, and Innovation

The Assistant Secretary for Productivity, Technology and

Innovation serves as advisor to the Secretary on matters that relate to the Department's policies and programs to stimulate industrial innovation and productivity. In 1980, the Assistant Secretary for Science and Technology was changed to the Assistant Secretary for Productivity, Technology and Innovation to reflect the concerns of the Department for the important issues of productivity and innovation and their role in creating a sound national economy. The A/S OPTI exercises line management responsibility for the National Bureau of Standards, the Patent and Trademark Office, and the National Technical Information Service. In addition, the A/S oversees the Office of Product Standards; chairs the Commerce Technical Advisory Board, and conducts the Science and Technology Fellowship Program for the Department of Commerce.

Industrial Innovation

Culminating a 14-month Domestic Policy Review of industrial innovation, President Carter sent a Message to the Congress on October 31, 1979, calling for a series of industrial innovation initiatives to stimulate productivity and innovation in the private sector.

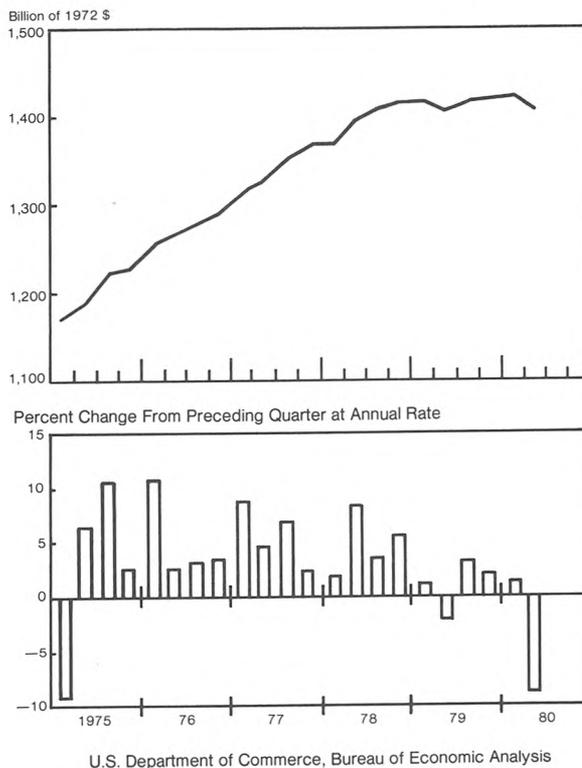
The Office of the Assistant Secretary has taken a number of actions to assist trade-impacted industries, and participated in a Department-wide study of ways to assist the steel industry.

International Scientific Activities

During 1980 the Office also was involved in a wide range of activities to explore the possibilities of technological exchange and cooperation with other countries. These activities included:

- Helping the Government of the

Gross National Product in Constant Dollars



People's Republic of China establish a National Center for Scientific and Technical Management Development in Dalian, China. The Center opened on August 18, 1980, and will help train Chinese industrial leaders, government officials and academicians in the management of sophisticated technological development. Eighteen U.S. professors, caseworkers, and analysts participated in the original training program, that was scheduled to last until December 19, 1980. Two-thirds of the expenses for the program are being borne by the People's Republic of China.

Commerce Technical Advisory Board

The Commerce Technical Advisory Board (CTAB) is an advisory body that gives the Assistant Secretary outsiders' views on the technical activities of the Department of Commerce, and helps to clarify major issues involving the interaction of technology, productivity, and a healthy national economy.

In 1980, CTAB produced a report, *Learning Environments for Innovation*, that explores the ways innovation can be stimulated, and sets forth a series of recommendations to create an environment for innovation at all levels of our society.

Science and Technology Fellowship Program

The Department of Commerce Science and Technology Fellowship Program is designed to give selected scientists, engineers, and technical individuals in the Federal Government an opportunity to study national and international issues related to science and technology. By combining educational programs with actual work assignments in Federal agencies and the Congress, the Fellowship

Program fosters a greater awareness of the technical activities of many government agencies at the highest policy levels. In 1980, nineteen individuals participated in the program; their assignments included work with the Department of Energy, the Office of Management and Budget, and both House and Senate committee staffs.

Patent and Trademark Office

The Patent and Trademark Office promotes the national economy by administering both the patent and trademark laws of the United States.

The patent laws encourage technological advancement by providing incentives to invent, invest, and disclose new technology. The Patent and Trademark Office's primary role in administering these laws is to examine patent applications and grant patent protection for qualified inventions. The Office is also responsible for collecting, assembling, and disseminating the technological information disclosed in patent grants.

The trademark laws aim to promote an ordered and healthy economy. The registration of trademarks helps prevent consumer confusion and fosters public awareness of the source of goods and services in the marketplace. The Patent and Trademark Office examines applications to register trademarks and grants Federal registration to the owners of qualified marks. The Office also maintains a forum for resolving disputes on trademark rights.

During FY 1980 the Office received 112,315 applications for patents. This represents an increase of 4,906 filings over the previous year and establishes an all-time record. In all, examiners disposed of 96,484 patent applica-

tions. The Office ended the year with an average pendency (time between filing and issue or abandonment) of 22.6 months, which was up over 2 months from 1979.

The Trademark Examining Operation received 52,149 applications for trademark registration, an increase of 1,477 filings over the previous year, continuing the trend of yearly increases in trademark filings since 1976.

Average pendency of trademark applications from filing to disposal rose sharply to 24.9 months in FY 1980. This 7-month increase reflects the large backlog of cases awaiting publication in the *Official Gazette*, a backlog created by printing problems. However, average pendency from filing to first action increased only a little over a month, to 11.5 months. The Office moved to reduce this pendency by increasing the average number of examiners to 66 (as compared to 47 for the previous year) and by laying the groundwork for an automated information retrieval system.

Such a computer-supported information retrieval system was installed in the Patent Examining Operation in FY 1980. Over 300 terminals were placed throughout the Office to assist in processing more than 200,000 pending patent applications.

An automated search system for assignment records was also implemented this past year. The new system will provide searchers with a computer-generated microfilm record of assignee and assignor information as well as the entire assignment history of each patent, a search capability not previously available. The use of computer-generated microfilm is expected to eliminate the problem of lost or misfiled documents frequently encountered with the index card search system.

SELECTED PATENT EXAMINING WORKLOAD (FY 1977-80)

ITEM	1977	1978	1979	1980
Applications for Patents Received:				
Inventions	101,821	100,473	99,516	104,219
Plants	202	171	166	186
Reissues	564	660	657	641
Designs	7,186	7,440	7,070	7,269
Total	109,773	108,744	107,409	112,315
Applications Disposed of by Examiners:				
Applications allowed ..	67,800	68,022	63,661	60,611
Designs allowed	3,950	4,059	3,953	4,639
Applications abandoned	34,463	35,388	30,260	29,106
Designs abandoned	1,732	1,761	1,889	2,128
Total	107,945	109,230	99,763	96,484
¹ Patents Granted:				
Inventions	67,947	65,963	51,686	56,618
Plants	164	194	151	137
Reissues	434	336	312	305
Designs	4,260	3,797	3,269	4,167
Total	72,805	70,320	55,418	61,227
Pendency of Average Patent Application ² ...	18.9	19.9	19.4	22.6

¹ excludes withdrawn numbers.

² average pendency (months) between filing and issuance/abandonment of utility, plant and reissue applications.

SELECTED TM EXAMINING WORKLOAD (FY 1977-80)

ITEM	1977	1978	1979	1980
Applications for trademarks filed:				
For registration	44,539	50,106	50,672	52,149
For renewal	6,251	5,254	5,404	5,752
Disposals by Office:				
Maturing to registration	27,431	31,623	24,961	16,350¹
Abandoned	9,055	8,287	10,061	8,897
Pendency of Average Trademark Application:				
Pendency to First Action	6.0	6.0	10.2	11.5
Pendency to Registration or Abandonment	15.7	16.2	17.9	24.9

¹ Abnormally low because of large backlog of registrations awaiting printing

Congress amended the Trademark Act to clarify the eligibility requirements for appointments to the **Trademark Trial and Appeal Board (TTAB)**. The amendment explicitly authorizes the filling of vacancies on the TTAB with persons who are not employed by the Patent and Trademark Office at the time of their appointment.

A major development in patent law was the Supreme Court's ruling in *Diamond v. Chakrabarty* that a patent could legally be granted on a living microorganism. The case involved a microorganism developed for use in combating oil spills. This case is seen as having far-reaching consequences for the expanding area of biotechnologies.

On the international level, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure became effective August 19, 1980. The United States, Hungary, Bulgaria, France, and Japan are the initial members, with more expected to participate in the near future. The treaty essentially eliminates the need to make more than one microbiological deposit in order to obtain patents in the member countries.

The office entered its third year as a receiving office under the Patent Cooperation Treaty (PCT). The PCT is an international agreement which permits an inventor or a business to file an application in the United States which has the same effect as an application in as many member countries of the PCT as desired. In FY 1980 the office received 1,647 international applications, a 59 percent increase over the previous year.

The Patent and Trademark Office's **Office of Technology Assessment and Forecast (OTAF)** began publication of

Patent Profiles. This new series presents information about patent activity and trends in various areas of technology, such as synthetic fuels and solar energy. Each issue contains data on patent numbers, titles, active companies and independent inventors in a particular technology.

In FY 1980 OTAF also prepared 201 special technology assessment reports for public and private organizations, and completed development of a cross-reference system between the U.S. patent classifications and energy technology. This system will facilitate the identification and analysis of energy technology in 17 patent categories.

Two new patent depository libraries were added in FY 1980—the University of New Hampshire Library and the Minneapolis Public Library and Information Center. Patent depository libraries have complete collections of patents, arranged in numerical order. The new additions bring the national total to 34.

National Bureau of Standards

The National Bureau of Standards (NBS) provides the Nation with the measurement basis that is fundamental to U.S. commerce and research by developing, improving, and disseminating measurement standards. NBS acts as an impartial technical adviser and assistant to government, private industry, and the general public in solving scientific and technology-related problems. And, NBS contributes to the Nation's scientific base by providing the technologies and information that underlie product and process development.

For example, in 1980, NBS researchers devised a graphic ex-

change specification that could increase the flexibility of computerized manufacturing and make the sales of computer-aided design (CAD) and computer-aided manufacturing (CAM) systems more competitive. This specification, called the Initial Graphics Exchanges Specification (IGES), permits data to be transferred from one CAD system to another made by a different manufacturer. IGES also provides a first step toward allowing data transfer from CAD systems to CAM systems, robots, and other manufacturing components. The American National Standards Institute is considering the adoption of IGES as part of a voluntary industry standard.

The National Bureau of Standards (NBS) is the Nation's central reference laboratory for measurements in the physical sciences and engineering. The Bureau's research achievements provide information needed to foster technological developments in ways that permit us to make best use of the Nation's physical and intellectual resources.

During FY 1980, NBS contributed to significant advances on several other fronts. Researchers in the Bureau's **Center for Thermodynamics and Molecular Science** developed new test methods for determining the energy content of municipal waste and processed waste called refuse-derived fuel (RDF), which can be burned to produce electricity or steam for industrial applications. These researchers built a calorimeter that can accommodate 25 grams of material, 10 times the capacity of instruments previously available. Progressively larger models are being developed by NBS for the Department of Energy, with a view to producing calorimeters capable of burning multikilogram samples.

With a valid technique for establishing a fair market value for a particular batch of fuel, refuse and refuse-derived fuel should become more marketable.

More fuel-efficient engines may be designed by engineers using detailed information obtained in another NBS combustion measurement project. Researchers at the Joint Institute for Laboratory Astrophysics (jointly operated by NBS and the University of Colorado) developed a special laser system to initiate a chain combustion reaction by exciting molecules in a flowing gas mixture. Infrared radiation emitted throughout the process is monitored by a detector at high speed, providing data not previously available.

Development of special new surfaces that will absorb the sun's rays more efficiently for solar energy research now appears feasible. A group of NBS surface scientists discovered a class of molecules well suited to serve as an anchor on certain types of metal surfaces. Though this work is still in the initial stages, it may be possible that such anchors could be used to create a surface full of molecules which best absorb the sun's light frequencies, thus increasing the efficiency of solar photovoltaic devices.

An air pollution measuring technique that is 100 times more sensitive than previous methods was developed by scientists at the NBS **Center for Analytical Chemistry**. The method distinguishes between air particulates from wood burning or natural sources and those produced by the combustion of fossil fuels such as gasoline or coal. The naturally radioactive isotope, carbon-14, is produced in the "breathing" process of trees and plants and in the burning of wood, but in fossil fuels this isotope has decayed to the point that

it is no longer measurable. By separating the total amount of carbon from an air particulate sample and measuring the ratio of ^{14}C to stable ^{12}C , the researchers were able to estimate the contribution of wood burning and natural particulates to pollution in the Portland, Oreg., area. Their uniquely sensitive technique could be used to analyze the sources of air pollution.

The toxic metal pollutants in oysters, mussels, and other marine animals in the human food chain can now be gauged more accurately through use of an NBS Standard Reference Material, SRM 1566, that was issued during the year. For food and drug officials and other administrators who need reliable data on trace element pollution, SMR 1566 provides certified concentration values for 19 elements ranging from arsenic to zinc.

The search for new fuel sources requires that potentially serious environmental effects be appraised. The NBS **Office of Standard Reference Materials** has developed a shale oil standard (SRM 1580) that is also useful in analyzing other oils such as petroleum crudes and coal-derived liquid fuels. The new SRM should aid in developing a methodology for determining concentrations of organic compounds in feedstocks, process streams, plant effluents, and oil products to assess possible environmental damage.

In the economically important area of corrosion research, NBS scientists demonstrated a new technique for measuring the corrosion of metal under organic coatings, a promising research tool for manufacturers of paint and other coatings. The new method combines ellipsometry (an optical technique) and pH monitoring into a single, very sensitive apparatus for nondestructive monitoring of

coated metal in corrosive environments. On the one hand, it can help to unravel the complicated chemistry needed to explain why paints and other organic coatings fail; on the other hand, it facilitates the systematic laboratory testing of various anti-corrosion paint systems containing chemical inhibitors.

Tiny material imperfections causing changes in the flow and leakage of current in semiconductors in which integrated circuits are built can be detected by the recently developed NBS integrated diode electrometer. The device, manufactured with the product integrated circuits, includes an electrical amplifier that makes extremely small leakage currents and other quality control problems easy to measure. A manufacturer who incorporates the NBS electrometer on every wafer of a given production lot can test wafers at high speed and remove from the production line any which fail to meet performance criteria. This makes for better quality devices with less materials waste.

A new algorithm and circuit designed at NBS could permit the first practical production line tests of noise in analog-to-digital (A/D) converters. Without A/D converters, a whole array of important computer-operated scientific instruments would not exist, but noise or random currents within A/D converters limit both their accuracy and speed. The NBS system consists of a well-characterized voltage source that pinpoints the exact amount of additional current needed for a given A/D converter to assign the next highest digit. The fluctuations in the converter's measured "decision points" are then calculated with the new mathematical model for a measure of the converter's "inherent noise."

The Nation's energy conservation capability has been strengthened by a technique known as optical tomography, developed by the NBS **Center for Mechanical Engineering and Process Technology** to take cross-sectional data "pictures" of mixed gas or liquid flow systems. Because these systems in industrial combustion and other high-temperature reactions are highly variable, the kind of comprehensive data provided by optical tomography should prove very useful to process control engineers in tailoring reaction products for maximum efficiency.

In the nuclear energy area, NBS researchers improved calibration procedures for fuel processing tanks that will help safeguard fissionable uranium supplies. A prototype automated tank calibration system, built by NBS researchers, improves the accuracy of these procedures while decreasing the effort required. In the new system, two turbine flowmeters allow unattended filling of the tank while a minicomputer continuously monitors the flowrate and the tank's response system. The researchers plan to test this instrument at a nuclear processing plant in the next fiscal year.

NBS fire safety researchers, collaborating with guest researchers from the United States and abroad, have come up with an innovative instrument for measuring the rate of heat release (RHR) for different materials more accurately. Dubbed the oxygen consumption calorimeter, the new instrument focuses on oxygen consumption of burning materials, since most materials release about the same amount of heat for each unit of oxygen used. Faster oxygen consumption is correlated with a higher RHR and a greater likelihood that a fire will spread. The NBS oxygen consumption calori-

meter improves the accuracy of RHR measurements, costs less to produce, and is simpler in design and operation than previous RHR instruments.

The **NBS Institute for Computer Sciences and Technology**, providing technical support to the Federal Government as one of the world's largest computer users, developed a set of computer interface standards that are expected to save the government \$61 million over the next 5 years. Federal agencies using the standards can procure computer peripheral equipment, such as magnetic tapes and disks, competitively without being limited to a particular computer mainframe. NBS has established a special laboratory to develop computer interface instrumentation to assure conformance with the standards.

New Federal Information Processing Standards for the computer languages, Minimal BASIC and FORTRAN, were developed cooperatively with industry and voluntary associations and approved by the Secretary of Commerce. These and other language standards are aimed at improving productivity and paring down transfer costs by providing one set of rules for a given computer language so that it can be used with many different systems.

Computer systems managers should be helped in making software decisions by an NBS-developed standard or guideline for documentation of computer programs and automated data systems. Used in conjunction with a previous NBS standards, the new guideline helps insure that managers have adequate information for the effective design, management, operation, maintenance, and transferability of automatic data processing resources.

Other NBS researchers examined ways to measure the efficiency of data traffic in a local data communications network. They set up an experimental system for measuring the number and location of information packets sent through the NBS network of remote terminals, and then analyzed data traffic patterns. The results will be used to improve the efficiency of the Bureau's own local network and suggestions will be offered to other agencies for improving similar systems.

National Technical Information Service

The National Technical Information Service (NTIS) serves as the focal point for the collection, announcement, and dissemination to U.S. industry of unclassified U.S. and foreign government-sponsored research and development reports, research-in-progress reports, machine processable data files, computer programs, and government inventions for licensing.

NTIS develops innovative information products and services which have the potential to become self-supporting. During the past fiscal year, NTIS added 77,000 new information items to its total collection, which exceeds 1.2 million documents. More than 6 million information products were distributed during 1980, with total sales of \$21.8 million. About 170,000 of NTIS reports are of foreign origin.

In 1979 the Director of the Office of Management and Budget, in conjunction with the Office of Science and Technology Policy, determined that the management of Federal research and development resources could be significantly improved and enhanced by a comprehensive central index of ongoing research projects. The

Smithsonian Science Information Exchange (SSIE), a federally funded, nonprofit private corporation, presently operates its index of ongoing research as a contractor to the NTIS. This contract will continue until October 1981,

It is anticipated that coordination of the two operations will provide more comprehensive information about ongoing Federal research projects, reduce the costs to users of this information, and facilitate the tracking of projects from the research phase to final report.

Early in 1980 NTIS established a clearinghouse for government-generated data banks and related computer software with plans to substantially improve the availability of this type of information. Primarily, NTIS will provide wholesaler-type support to information vendors, and others, that will then refine the data and programs according to their own customers' needs.

In addition to NTIS' own bibliographic data base, access by lease is now provided for bibliographic data files produced by the Departments of Energy and Interior, the National Science Foundation, General Accounting Office, and the Patent and Trademark Office.

NTIS also has been assigned the lead role in carrying out certain industrial innovation initiatives resulting from the recommendations of the Domestic Policy Review Task Force.

NTIS is identifying and acquiring foreign technological information which could increase the productivity and competitiveness of U.S. industry. Selected foreign technology will be evaluated for translation, and the translated reports will be indexed and available in paper and machine-readable

formats.

Another area of involvement is a new program for patent licensing and patent information, being conducted in cooperation with the Patent and Trademark Office. It will include: (1) Development of an indexing system that will stress accessibility of patent information to problem-solvers and decision-makers, (2) assistance to industry in the negotiation of licenses for federally-owned patents, and (3) promotion of the commercial application of Government inventions that is currently being performed by NTIS in its **Government Inventions and Patents Office**.

To reinforce NTIS' involvement in carrying out these industrial initiatives, a new interdisciplinary information service was introduced in 1980. A biweekly publication entitled *Information for Innovators* was designed to cut across professional fields to report on technical developments and marketing possibilities that otherwise would be difficult to locate within the mass of Federal research information. Each issue contains professionally evaluated opportunities for innovators, cross-referenced to specific NTIS research reports.

Customer relationships are of particular concern to NTIS because it is a self-supporting Federal agency which depends on customer satisfaction and goodwill to continue its development of new and better information products and services.

A major step was taken in mid-1980 to improve the overall NTIS customer services program. The **Customer Services Staff** now reports directly to the NTIS Director. The change emphasized the continuing NTIS effort to assist its customers, and places the staff in a position to use all the agency's

resources and skills to solve customers' problems.

Office of Product Standards Policy

Standards-related activities contribute to productivity and trade by: (a) limiting product costs through interchangeability of parts, economies of scale, increased buyer/seller understanding, and reduced recordkeeping and inventories; (b) constituting a foundation for innovation by providing a store of technological information (e.g., designs, processes, test methods, statistical tables); (c) increasing the reliability and usefulness of testing through laboratory accreditation systems; (d) setting product performance targets, and (e) by making foreign markets more accessible to U.S. products.

By the same token, bad standards can inhibit innovation and commerce. The Office of Product Standards Policy (OPSP) which is headed by a Deputy Assistant Secretary, has several purposes. It attempts to promote industrial productivity, including the commercialization of innovations. It also seeks to advance Government-wide efficiency in standards-related activities, and U.S. trade expansion through standards and related testing and certification policy.

During 1980, OPSP focused on four major areas—national standards policy, product testing to standards, international standards policy, and product certification to standards. OPSP activities in these areas involved substantial interaction with other Federal agencies, business organizations, standards-developing bodies, and other private interests.

Some of the major 1980 accomplishments include:

- Leadership in the development of OMB Circular A-119, *Federal Participation in the Development and Use of Voluntary Standards*, which for the first time specifies Federal Government policy regarding cooperation with private standards interests.
- Enhanced awareness by Federal agencies and private standards interests of major domestic and international standards policy issues. The chief mechanisms for this awareness are leadership of the 23-member Interagency Committee on Standards Policy, interaction with policy officials of leading private standards bodies, and contacts with overseas standards interests.
- Accreditation of the first 30 U.S. laboratories pursuant to the Department's National Voluntary Laboratory Accreditation Program, thereby contributing to increased testing reliability and national acceptance of laboratory test results.
- Continued leadership in the International Laboratory Accreditation Conference, which should result eventually in expanded U.S. trade opportunities through identification and recognition of U.S. and foreign laboratory accreditation systems.
- Promotion of U.S. exports by direct policy assistance to U.S. industries, and by implementation of certain aspects of Title IV of the Trade Agreements Act of 1979.

Footwear Industry Revitalization Program

The Footwear Industry Revitalization Program uses the resources of three agencies within the Commerce Department—the Economic Development Administration (EDA), the Office of Productivity, Technology and Innovation (OPTI), and the International Trade Administration

(ITA)—and combines a broad range of initiatives to provide trade adjustment assistance. The footwear program, designed to operate for 3 years at a total budget of \$56 million, is completing its third year. It emphasizes activities to modernize the manufacturing and marketing operations of import-impacted footwear firms, addresses industry-wide needs in these same areas, and undertakes broader initiatives to confront the structural problems of the entire industry. The program involves shared funding responsibilities on the part of individual firms, as well as the industry as a whole.

Manufacturer Assistance

In more than 2½ years of the footwear program, 126 firms have applied for certification to receive trade adjustment assistance. To date, 100 firms have been certified eligible for technical and financial assistance. This represents more than three times the number of footwear firms certified in the previous 15-year history of the trade adjustment assistance program.

A jointly funded company/government effort to achieve greater operating efficiencies for individual footwear firms is incorporated in the footwear program. Specialist teams organized by consulting firms with footwear industry expertise help certified companies deal with problems in operations, marketing, technology, and management. Nearly \$8 million has been spent on technical assistance projects during the past 2½ years, with individual manufacturers contributing almost \$2 million of the total. This technical and managerial assistance, combined with financial assistance (over \$57 million in loans/guarantees over 2½ years) has helped modernize and improve the long-term viability of many trade-

impacted footwear firms.

Annual savings realized on a sampling of 18 individual technical assistance projects ranged from \$150,000 to \$825,000 per firm. The projected total annual savings of more than \$4.4 million from these projects represents only about one-third of the projects undertaken, and should increase as more certified manufacturers move into the implementation phase of assistance.

Industry-Wide Assistance

In addition to assistance to individual firms, major Commerce Department initiatives are underway to aid the entire domestic footwear industry. These efforts include an aggressive export expansion program and creation of the American Shoe Center to evaluate technology and conduct long-term R&D.

The export promotion program is achieving dramatic results. Average monthly footwear exports have risen 72 percent since the program was initiated 2 years ago. Annual data (Jan-Dec 1979) show a 124 percent increase in exports to targeted Western European markets, and an overall increase of 71 percent in U.S. footwear shipped abroad. For the

first time footwear exports were a consistent million pair or more per month through the first half of 1980, and for the year were expected to nearly triple the 1977 level.

The American Shoe Center was launched in Philadelphia in April 1980 with a \$2 million start-up grant from the Commerce Department. The Center will be self-supporting through membership dues and will provide the industry with informational and management services to enhance manufacturing productivity, as well as research capability and technical services through its partnership with the Shoe and Allied Trades Research Association of Great Britain—the largest footwear research organization in the world.

A joint effort between industry representatives and government seeks to identify technical developments that will provide competitive advantages for the domestic industry and to facilitate the use of existing technologies throughout the industry. Specific projects include a feasibility study of a service bureau concept to enable small-to-medium manufacturers to use computer-assisted design and manufacturing technology (CAD/CAM); an investiga-

U.S. FOOTWEAR EXPORTS WORLDWIDE

Pairs	15,000	10,000	9,000	8,000	7,000
(000)	6,000	5,000	4,000	3,000	2,000
1,000	0	1977	1978	1979	1980*
WORLDWIDE					
1977-1980					
Increase: 178%					
(5,411)	(6,935)	(9,262)	(15,000)	* estimated	

tion of the potential competitive advantages of combined materials/processing technology with the short- and long-term market prospects for synthetics, and a program to develop and implement improved marketing methods for the industry.

International Trade Administration

The International Trade Administration (ITA) was established on January 2, 1980, as an important element of the reorganization of international trade functions in the Federal Government. ITA is responsible for most non-agricultural trade operations of the U.S. Government, and assists the Office of the United States Trade Representative in coordinating trade policy. The reorganization plan consolidated in ITA the export promotion, export control, and trade policy programs of the Department of Commerce, the administration of the antidumping and countervailing duty laws (formerly in the Treasury Department), and operation of the Foreign Commercial Service (a new service created from the commercial officer positions of the Foreign Service). It also created the position of Under Secretary of Commerce for International Trade.

The Under Secretary is the principal advisor to the Secretary on matters affecting international trade and represents the Secretary on the Trade Policy Committee and other interagency committees considering international economic issues. The Under Secretary is assisted by a Deputy Under Secretary, an Assistant Secretary for Trade Administration, an Assistant Secretary for Trade Development, an Assistant Secretary for International Economic Policy, and a Director General of the Foreign Commercial Service.

The Under Secretary coordinates these specific programs in pursuing the agency's four principal missions:

- Implementing the rules of international trade, including both domestic laws (anti-dumping, countervailing duty, export control, antiboycott) and international codes governing trade and trade restrictive activities.
- Export promotion through the creation of export awareness, evaluation of developments in world economies, and assistance to exporters through an integrated marketing and delivery system in Washington and 47 other cities throughout the United States, and in 65 foreign countries.
- Helping U.S. business surmount structural and cultural barriers to foreign trade through educational programs and efforts to obtain cooperation of foreign governments in overcoming these barriers to U.S. export trade.
- Presenting a business perspective in government policymaking circles by promoting export-oriented policies, seeking the removal of export disincentives, and maintaining communication with industry through advisory committees.

Export Development

The Export Development staff has developed an integrated planning, targeting and evaluation system that will link ITA's Trade Development programs for delivering export services. This planning system includes an annual analysis to identify industries with the greatest export potential and countries that offer the greatest market opportunities for U.S. goods and services. ITA will target its efforts on these high-potential opportunities for export growth.

For example, the Office of Export Development initiated special

export campaigns in Saudi Arabia, Korea and the nations of the Association of Southeast Asian Nations in Fiscal Year 1980. In addition, the Office of Export Development is developing special packages of coordinated program activities to promote the products of 15 high potential industry sectors.

The Office also helps American firms compete for major overseas contracts by contacting foreign buyers, locating potential foreign agents, distributors and licensees, providing sales leads, promoting new U.S. products overseas, and providing counseling services on how to sell in specific overseas markets. In addition, Export Development assisted U.S. firms in winning approximately \$3 billion worth of foreign government contracts. It also sponsored 600 trade fairs, missions and other promotional events overseas, helping 5,600 companies generate \$140 million in off-the-floor sales.

The Worldwide Information and Trade System (WITS), an on-line computer system to deliver export information quickly to U.S. companies and foreign buyers, was launched in its pilot stage in five U.S. District Offices and Foreign Commercial Service posts during 1980.

East-West Trade

During 1980, the East-West trade programs of the Commerce Department were shaped by the rapid expansion of bilateral relations with the People's Republic of China (PRC) and the curtailment of trade with the USSR in the wake of the Soviet invasion of Afghanistan.

The Department played an important role in the negotiation and implementation of the U.S.-PRC Trade Agreement, which took effect February 1, 1980. Since this agreement, bilateral trade has

jumped from \$2.3 billion in 1979 to an estimated \$3.9 billion in 1980. U.S. exports to China are expected to reach \$2.9 billion in 1980. Over this year, the East-West Trade staff answered a monthly average of more than 700 China trade inquiries in telephone, written and direct consultations. In addition to participating in numerous symposiums and seminars, the East-West trade unit distributed publications giving guidance on trading with China, prepared research papers on prospects for U.S.-China trade, and sponsored a Washington seminar for U.S. firms on Doing Business in China in May 1980.

In addition to helping U.S. firms trade with China, the Department's East-West Trade unit hosted a number of official Chinese delegations. In many cases, these visits provided U.S. officials with their first opportunity to make contact with key PRC trade and economic officials. Secretary Kreps hosted Minister of Foreign Trade Li Qiang in October 1979, during which all aspects of developing U.S.-PRC commercial relations were explored.

Other important visitors included Ren Jianxin, Director of the Legal Department of the China Council for the Promotion of International Trade; Ron Yiren, General Manager of the newly formed China International Trust and Investment Corporation; and Song Yangchu, Minister of the Building Materials Industry. East-West trade specialists also briefed two high-level banking delegations and other provincial and industrial groups.

In September, the Department participated in the inaugural meeting of the U.S.-PRC Joint Economic Committee. The Department's representative chaired the important Business Facilitation Working Group, which focused on

subjects, such as major projects and trade offices. A second meeting of this Working Group convened in November in Beijing.

Preparations for the U.S. National Exhibition in Beijing in November 1980 moved into full swing during the fiscal year. The Exhibition, which featured 254 U.S. companies, is the largest such event ever staged by the U.S. Government and the first of its type in the PRC. The Department also staged its first two technical sales seminars in pollution control equipment and food processing equipment, and a video catalog exhibition on packaging equipment in China.

At the beginning of the fiscal year, the Department planned to continue its trade development program with the Soviet Union. In November 1979, EWT and the Soviet Ministry of Foreign Trade sponsored a seminar on how to trade with the Soviet Union. But on January 4, 1980, the President announced that trade with the Soviet Union would be severely restricted as part of the U.S. response to the Soviet invasion of Afghanistan.

The Department, at the direction of the President, imposed restrictions on the export of certain agricultural commodities, as well as on high technology and other strategic items. Secretary Klutznick chaired a special interagency committee, which was formed to develop new guidelines for export control policy with regard to the Soviet Union.

To support the U.S. response to the Soviet actions in Afghanistan, EWT's promotional activities in the USSR were cancelled.

Following the President's speech on January 4, ITA worked to keep businesspersons as well as the general public informed about the details of the new restrictions as they were being

imposed. A "hotline," operated by staff from East-West Trade and the Office of Export Administration, handled hundreds of calls. Experts in the USSR Affairs Division and Export Administration also fielded many inquiries. ITA held a series of briefings on the sanctions for the business community and the media in January and February. Subsequently, EWT made available a collection of documents—the new Export Administration regulations and accompanying Commerce Department news releases—providing a detailed chronology of the various export restrictions. Daily, ITA has continued to respond to phone calls and letters requesting information on the trade sanctions and other aspects of commerce with the Soviet Union.

The impact of the restrictions on U.S.-U.S.S.R. trade has been severe. Whereas U.S. exports to the Soviet Union had been expected to increase significantly this year, they have dropped sharply and are now expected to total about \$1.3 billion for calendar year 1980—a decline of about 60 percent from 1979 (see table). The most significant declines have been in exports of grain, phosphoric acid, and certain high technology products. Imports have been running behind last year's pace.

Some trade continues in goods not affected directly by the U.S. trade sanctions. Leading U.S. exports to the Soviet Union in 1980 included tallow, petroleum coke, pressure sensitive tape, parts for crawler tractors and acrylic fiber. During the first 6 months of 1980, contracts totaling about \$90 million were signed by U.S. firms and Soviet foreign trade organizations for delivery of goods, such as forklifts, spare parts for dump trucks, earthmoving equipment, grain unloading equipment, liquid

fertilizer applicators and pesticides.

Despite the restrictions on trade with the Soviet Union, the U.S. Government continued to differentiate its policies and to support the development of trade with the countries of Eastern Europe. Secretary Klutznick chaired meetings of the American-Romanian Economic Commission in Washington in April and the American-Polish Trade Commission in Warsaw in May. After his meetings in Poland, the Secretary traveled to Budapest to confer with Hungarian trade officials and to open the new Commercial Development Center at the U.S. Embassy in Budapest. The Assistant Secretary for Trade Development chaired the second meeting of the U.S.-Hungarian Joint Economic and Commercial Committee in Washington in April. These meetings demonstrated the U.S. commitment to the development of bilateral commercial relations and provided opportunities for high level U.S. and Eastern European officials to explore new prospects and problem areas in trade expansion. ITA/EWT staged six commercial exhibitions, three video catalog exhibitions, four technical sales seminars and two business development office events in Eastern European countries during the fiscal year.

ITA/EWT continued its active assistance to business through individual counseling, seminars and publications. ITA sponsored East-West Trade Seminars in Des Moines, Denver, Los Angeles, Santa Clara and Little Rock in FY 1980.

New publications prepared by EWT included *Communist Country Negotiating Tactics; Countertrade Practices in Eastern Europe, the Soviet Union and China; Doing Business with China; China's*

Economy and Foreign Trade; Trading with Bulgaria, and East-West Trade Update.

In further support of its trade development activities, EWT published a new report series, *East-West Trade Policy Staff Papers*, which provides in-depth analysis of current issues and trends in East-West commercial relations. The series includes semi-annual evaluations of U.S. trade performance with the USSR, PRC, and Eastern Europe and periodic analyses of Communist country trading practices, hard currency debt, and market prospects for U.S. exporters. Papers in the series have contributed to increased awareness of the potential for expanding East-West trade. They have been widely used by the business and financial communities, and by foreign trade planners in Eastern Europe.

ITA/EWT staff also completed ground-breaking research papers on such important areas as the changing structure of Council for Mutual Economic Assistance-OPEC trade relations, projections of Communist country hard currency trade and debt (with

particular reference to the PRC and Poland), the role of equity participation in U.S.-East European joint ventures, and the potential significance of leasing in East-West trade and finance.

The East-West Trade unit also initiated bilateral economic research programs with Communist countries, featuring visits in the fall of 1979 to the Polish Foreign Trade Research Institute and the USSR Institute for World Economy and International Relations (IMEMO). The discussions that took place provided both sides with an opportunity to exchange economic information and views on trade practices and prospects.

ITA/EWT staff also maintained contact with the U.S. export community through the Advisory Committee on East-West Trade. Recent meetings of the Committee have provided a useful forum for senior ITA officials to explain Commerce Department policy regarding trade with Communist countries, and to solicit business views on major policy issues. On the international level, ITA/EWT staff has participated in meetings held by multilateral Governmental

US-USSR Trade: Before and After the Sanctions

(millions of dollars)

	1979	1980 (pre-Afghanistan) projection)	1980 (current 1979 projection)	1980 Jan. - May	
US Exports					
Total	3,604	4,800	1,300	1,104	643
Agricultural	2,855	3,900	1,000	785	490
Non-agricultural	749	900	300	319	153
US Imports					
Total	873	1,250	1,000	168	129
Agricultural	14	25	16	7	4
Non-agricultural	859	1,225	984	161	125
Gold	549	550	550	63	1

Source: Highlights of U.S. Export and Import Trade (FT-990), U.S. Census Bureau.
Projections made by East-West Trade, July 1980

agencies dealing with East-West trade issues, e.g., the NATO Economics Staff, Organization for Economic Cooperation and Development, the U.N. Economic Commission for Europe, and the Conference on Security and Cooperation in Europe.

U.S. Commercial Service

The U.S. Commercial Service is the Department of Commerce's primary nationwide delivery and outreach organization into the local business community for implementation of export and business development programs and services. Its major objective is to expand exports of U.S. goods and services by increasing the number of companies engaged in selling overseas and to increase the dollar volume of overseas sales.

The Service focuses on several basic functions, including,

- improving understanding and appreciation of the importance of exporting to the U.S. economy;
- motivating U.S. firms to investigate their export potential;
- providing direct assistance to firms, exporters and non-exporters that can benefit from an expanded international commitment;
- serving as a single contact point for information and referral on trade related matters;
- achieving outreach leverage through coordinating the activities of other business-oriented groups that can support international trade activity;
- improving the effectiveness of national export expansion resources by joint planning with state, regional and local organizations and other federal agencies;
- providing the Department information feedback from local business communities.

The Service maintains a small headquarters staff in Washington, D.C., and manages a network of 47 district offices and 12 post-of-

duty offices located in major industrial and commercial centers of the continental United States, Alaska, Hawaii and Puerto Rico. One hundred eighty-eight Trade Specialists are stationed in these offices. Six District Directors form a Field Advisory Management Council and each of the six provides regional management oversight for one of the country's geographic areas.

Trade specialists work on an "account executive" basis and provide one-on-one counseling to business executives, bringing the Department of Commerce to the offices of local firms in a personal way, so that it is not just a distant institution in Washington. They are consultants to business, working with individual firms to evaluate their basic strengths, weaknesses and opportunities in international marketing. Trade specialists also provide expert support to local business through seminars, workshops, and conferences.

An innovative management system, begun in 1977, matches trade specialist productivity to local demands for export information and business development assistance. A comparative analysis indicates that individual trade specialist productivity has increased 232 per cent since 1976 (June 1980 figures). In 1980, trade specialists counseled 34,437 international business accounts. This personalized service produced a total of \$979,093,200 in export sales. This figure represents \$166,799,704 in new-to-export sales and \$821,313,496 in new-to-market sales. Overall, 919,212 business firms were counseled on international and business development services of the Department. The bulk of these counseling sessions involved small and medium-sized companies.

Also in 1980, trade specialists

produced 4,172 international marketing and business development seminars. Attendance at these events by business executives totaled 218,589.

These workshops and seminars provide information to small and medium-sized companies on the basics of exporting and on documentation of exports, among other services; they include broader policy and trade issues appealing to a wider audience, (including large companies within an industry) such as marketing in Mexico or automotive products exports.

Another important outgrowth of work at the local level is the close relationships developed with local news media that are proving invaluable to the Department's outreach program. Articles are prepared for publication in trade papers, local small business magazines and newspapers, and chamber of commerce journals. Local business editors are encouraged to publicize Departmental programs and success stories about local companies that have made significant export sales with the help of the Commerce Department programs.

Associate Offices, Multipliers . . . The close cooperative relations with other organizations that are able to disseminate information and conduct export expansion programs provide another important outreach element for the Department's programs and services. One of the major vehicles is through the Department's **Associate Office Program**, which includes local U.S. Chambers of Commerce, World Trade Clubs, University Development Centers, other business-oriented organizations and State Government economic development agencies. Nearly 1,000 Chambers of Commerce and other organizations have been designated by the Secre-

tary of Commerce as Associate Offices. The U.S. Commercial Service maintains signed working agreements with 47 State development agencies. A less formal, but close, relationship exists between District Offices and other business service organizations such as banks and trade associations.

The Associate Offices, which are supported by the 47 District Offices, are seeking to identify firms that have potential to export and share the Department's mission by co-sponsoring local events designed to increase export awareness and enhance business development.

District Export Councils. . . .

The District Export Councils (DEC's) are considered to be among the Department's most effective multiplier groups. District Office directors serve as the executive secretaries of the councils. In 1980, the network increased from 45 to 47 active Councils, composed of about 1,100 business leaders in international trade. Members are appointed by the Secretary of Commerce. Each is carefully selected, based upon unique knowledge, abilities and international experience.

DEC contributions go beyond the usual activities of multipliers. They are involved in public service programs that stress the significance of exporting to individual American lives. In 1980, DEC activities included billboard advertising, educational TV programs, development of special export service publications, studies of export motivation and exporter need, underwriting World Trade Week Activities, and developing "White Papers" that offer policy suggestions. The Councils have provided the President's Export Council with feedback on exporting constraints in their locales.

Federal-State Relationships. . . .

The U.S. Commercial Service's involvement with State governments includes the development of Annual State Economic Development Plans, which are prepared jointly, outlining the business development plans to be pursued cooperatively each year. Forty-four of these strategies, emphasizing international business, were prepared in 1980.

Federal Procurement. . . .

As coordinator for the civilian agencies and the military, the U.S. Commercial Service produced 24 Congressionally-sponsored Federal Procurement Conferences in 1980. These sessions provide guidance on Federal procurement to local business people. The conferences are structured to inform business executives on how to sell their products and services to the Federal Government. Trade specialists provide individual counseling on where to find Federal procurement information, how to prepare a bid for Federal procurement and how to export. The Federal Supply System is able to broaden its outreach, enhance competition, and reduce unit cost through these conferences. Special attention and consideration are given to small and minority business. During 1980, a total of 7,000 business persons were counseled and 21,100 attended seminars on exporting. These figures included 700 business women and 400 minority firms.

Commerce Business Daily. . . .

The Commercial Service manages the Commerce Business Daily (CBD). Federal sales opportunities and other foreign government tender opportunities totaling \$97 billion are announced and distributed each working business day through the CBD. Improving upon the installation in 1979 of an electronic system for faster transmission of information to the CBD

editorial offices from Federal agencies, the system in 1980 introduced 24-hour 7-day service for receiving information from U.S. procurement offices. These new improvements have saved more than 640,000 days bidding time on an annual basis for the procurement community. Also in 1980, subscriptions increased to over 33,000 for the first time in CBD history.

Export Administration. . . . District Offices apply the Export Administration Regulations to the individual products of firms, and forward requests for expedited licenses in emergency situations to the Office of Export Administration in Washington. Workshops on export control regulations are conducted in local communities, providing an educational process for many small firms dealing with export controls and licenses.

Other Federal Agencies. . . . In 1980 the Commercial Service established formal working agreements with the Small Business Administration and the Commerce Department's Economic Development Administration to encourage exporting. Extensive training for officials of these two institutions responsible for export activities has been provided in District Offices.

In 1980, twelve conferences were held with the Inter-American Development Bank and over 50 interagency small business export and investment conferences were co-produced with the Eximbank, the Overseas Private Investment Corporation, the Small Business Administration, the Economic Development Administration and the U.S. Department of Agriculture.

In its District Offices, the Commercial Service has also provided training for Foreign Commercial Service officers and Foreign Service Nationals, familiarizing them with export development programs.

District Offices also referred nearly 400 firms to the Small Business Administration, so they could benefit from its export facilitating local guarantee program.

To the Nation's business community, the U.S. Commercial Service and its District Offices represent the first line of help to business executives trying to increase their firms' competitiveness, both domestically and internationally.

Office of Export Administration

The Deputy Assistant Secretary for Export Administration has three areas of responsibility: the Office of Export Administration, the Office of Antiboycott Compliance, and the Office of Industrial Mobilization.

The Office of Export Administration (OEA) concentrated much of its effort in FY 1980 on implementing the new Export Administration Act of 1979. After foreign policy export controls were reviewed, certain controls relating to nuclear nonproliferation, antiterrorism, South Africa and Namibia, human rights, regional stability, embargoed countries, and oil and gas equipment for the U.S.S.R. were continued until December 31, 1980. Regulations were published to implement processing time limits, a qualified general license procedure, and various other regulatory changes required by the Act.

In response to the Soviet invasion of Afghanistan, licenses for exports to the U.S.S.R. and decisions on applications for such licenses were suspended until new foreign policy and national security control policies were established. As of September 30, a total of 225 of the suspended licenses were reinstated, while 72 were revoked. Two hundred thirty-five license applications were approved and

41 were denied. One hundred two were returned without action to the applicant.

While new restrictions were placed on Soviet trade, a more liberal licensing policy was established for the People's Republic of China.

During the fiscal years 1977 through 1980, total export license applications processed increased 27 percent. In FY 1980 OEA processed 73,287 applications (compared to 72,708 in 1979).

OEA made significant progress in improving the enforcement of export controls under the Export Administration Act. The Compliance Division instituted a number of policy and procedural changes. The Division emphasized field investigations, management controls, training, and improved coordination with other government agencies involved in export control enforcement. A reorganization of functions in the Division improved the efficiency and effectiveness of operations considerably. As a result of these changes, the Compliance Division increased the number of investigations closed in FY 1980 over FY 1979 by 8.3 percent.

Office of Antiboycott Compliance

The Office of Antiboycott Compliance (OAC) administers and enforces the regulations required to carry out the Department's responsibilities under the foreign boycott provisions of the Export Administration Act of 1979. These responsibilities include all phases of investigation and case preparation, including analysis of questions of legal sufficiency, the implications of legal precedents, and the scope and intent of the relevant law and regulations.

The OAC also provides U.S. firms and individuals with informal, non-binding answers to their

specific boycott-related questions. In addition, the Office develops interpretations for publication in the *Federal Register* when matters of general interest are raised concerning the boycott law and its implementing regulations.

The Office of Antiboycott Compliance requested comments on a proposed voluntary survey of boycott requests received by domestic concerns with respect to their activities outside the interstate or foreign commerce of the United States. If conducted, the survey will be initiated in FY 1981.

Office of Industrial Mobilization

The Office of Industrial Mobilization (OIM) substantially increased its special priorities assistance to defense agencies and contractors through the administration of the Defense Materials System and the Defense Priorities System. Most notably, the Office assisted in several nuclear and aircraft programs that were delayed by shortages of titanium and was instrumental in increasing production of engines needed for the Air Force's F-16 fighter aircraft production program.

OIM represented the Department on a Presidential directed study to improve the effectiveness and consistency of mobilization preparedness throughout the Government and to enhance the President's ability to assess the national capability to mobilize.

OIM held regional training conferences throughout the country during 1980 for members of its unit of the National Defense Executive Reserve (NDER). Current membership consists of approximately 550 highly qualified executives from business, industry, the professions and the academic community who would be available to augment the Department's staff resources in the

event of a national emergency. Each training conference included briefings on OIM's peacetime and emergency functions, the Reservists' emergency duty assignments and responsibilities, and the current world political situation.

OIM continued to support the Federal Emergency Management Agency in the management of the National Defense Stockpile by providing statistical data on consumption, supply, and domestic production capacity for stockpile materials.

OIM surveyed selected critical industries to determine their capacities to support mobilization needs. Products analyzed ranged from germanium dioxide and metal to underground coal mining machinery.

As a result of the President's trade reorganization, which took effect January 2, 1980, OIM assumed the responsibility, under Section 232 of the Trade Expansion Act of 1962, for conducting investigations of the effects on national security of imported items.

Office of Import Administration

One of the most controversial aspects of the trade reorganization was the transfer of responsibility to the Commerce Department for administering the new antidumping and countervailing duty (AD/CVD) laws.

The previous administration of these statutes, which are designed to protect American industry from unfair trade practices, had become the subject of much Congressional criticism and debate. Critics in Congress and private industry had alleged that, even though many major industries had been hurt by illegal imports in recent years, the Government had failed to provide adequate or timely relief.

The Government's alleged failure

to act effectively was attributed to inadequate resources and a diffusion of trade responsibilities among Government agencies.

In recognition of these concerns, the Commerce Department designed a new organization and vested the Office of the Deputy Assistant Secretary for Import Administration with the responsibility and the resources for assuring that the administration of the new AD/CVD laws—which set much shorter time limits for the completion of investigations—would be expeditious, fair and consistent with U.S. international obligations and domestic trade laws.

Since its inception on January 1, 1980, the Import Administration has reached determinations in practically all AD/CVD cases within the shortened statutory deadlines of the new laws. Exceptions have been few, and delays minimal. At the time of the transfer, 18 dumping and 14 countervailing duty investigations were pending, and thus far the Import Administration has made 24 final determinations of these cases.

A newly formed **Office of Compliance** has begun a systematic review of all outstanding antidumping and countervailing duty orders, and is monitoring the compliance of exporters with agreements involving the suspension of antidumping and countervailing duty investigations. This is the first office to be given sole responsibility for ensuring that the actual collection of antidumping and countervailing duties is carried out expeditiously.

Steel Trigger Price Mechanism

The Trigger Price Mechanism (TPM) was first initiated in January 1978 (when the antidumping laws were still administered by

the Treasury Department) as part of a comprehensive program to assist the domestic steel industry. Trigger prices were applied to most basic steel mill product imports from all countries. The TPM was suspended in March 1980 when the U.S. Steel Corporation filed a number of antidumping petitions against European producers.

The monitoring system which requires heavy input from the Customs Service is being reactivated. Improvements to the system suggested by the Government Accounting Office are being implemented by Commerce internally.

To improve the quality and timeliness of investigations, new computer formatted questionnaires have been devised, and an in-house ADP economic/statistical analysis support capability has been developed.

The Office of Policy has been given the added responsibility of providing policy guidance on cost accounting issues that arise in cost-of-production analyses, and on the allocations of domestic subsidies.

For the first time, large and complex investigations, such as the U.S. Steel case, are being conducted by "Task Force teams" with the assistance of trained auditors and accountants.

A Central Records unit with a public reading room has been organized, and a foreign subsidies library has been started.

By the end of 1980, the Department was expected to have remedied the deficiencies in the administration of the previous AD/CVD laws and should have demonstrated its ability to protect U.S. industry from unfair import competition with clear and consistent determinations which are fair, accurate and timely.

Two special import programs

are also under the jurisdiction of Import Administration—the **Foreign Trade Zones Program** and the **Statutory Import Programs**.

The Foreign Trade Zones program provides Secretarial services to the Foreign Trade Zones Board; processes applications for new and expanded zones; supervises U.S. foreign-trade zones now approved for 45 cities; and provides technical assistance to port communities seeking to establish zones.

The Statutory Imports Program consists of the Watch Quota Program, the Florence Agreement, and the Foreign Excess Property Program.

The Watch Quota program allocates the quota for duty-free entry into the United States of watches and watch movements imported from the Virgin Islands, Guam and American Samoa. The Florence Agreement determines whether scientific instruments to be imported by nonprofit institutions can qualify for duty-free entry into the United States. The Foreign Excess Property program determines whether all kinds of surplus U.S. Government property disposed of abroad would relieve a domestic shortage or otherwise benefit the domestic economy, and therefore can be imported into the United States.

International Economic Policy

Following the United States' signing of the Tokyo Round Trade Agreements in December 1979, the United States implemented the Agreements on Tariffs, Subsidies and Countervailing Measures, Anti-dumping, Import Licensing, Technical Barriers to Trade (product standards), and Trade in Civil Aircraft, in Bovine Meat and in Dairy Products, as of January 1, 1980. Other agreements are rapidly

moving toward the implementation stage.

Efforts now are concentrated on ensuring that other countries fully implement the agreements, on securing additional country accession to the agreements, and on helping U.S. industry derive the fullest advantage from them.

Negotiations were held with Korea and Taiwan that led to new orderly marketing agreements for color television trade. These negotiations followed a Presidential decision to extend the current relief enjoyed by the industry. **The International Economic Policy Unit** participated in these negotiations as part of its continuing efforts to help industries adjust to import competition.

The problems of international trade in primary commodities of economic importance to third world countries continued to hold a prominent place on the agenda of discussions between developing and industrialized countries. Discussions and formal negotiations took place on a wide range of commodities. Among these, negotiation of an International Rubber Agreement was successfully completed late in 1979, and the United States became a member early in 1980.

Negotiations were also held for the establishment of a Common Fund for Commodities, an International Tin Agreement, and an International Cocoa Agreement.

To coordinate the government-industry dialogue on trade policy matters, the Department established the **Trade Advisory Center** in the **Office of the Deputy Assistant Secretary for Trade Agreements**. The Center provides a central contract point for the business community. They are encouraged to direct inquiries and concerns regarding policy-related trade problems and legal rights and remedies created by U.S. trade

agreements. The Center also is coordinating an information/education program to promote widespread understanding of U.S. trade rights and related opportunities. A series of brief pamphlets on the agreements reached in the Multilateral Trade Negotiations (MTN) was published by the Center. Detailed volumes on each of the agreements also are being issued.

The Center also administers the **Industry Consultations Program**, a series of 21 industry advisory committees with more than 470 private sector members who advise the Secretary of Commerce and the United States Trade Representative on U.S. trade policy matters. The industry advisory committees for trade policy matters supercede the highly successful advisory committees that functioned during the MTN negotiations.

An important element of the National Export Policy is the reduction of government measures which inhibit exports. A Commerce-chaired interagency task force, appointed to identify government-imposed export disincentives and develop policies for reducing them, submitted an interim report in February. The report highlighted the progress made in reducing disincentives in five areas: the Foreign Corrupt Practices Act, foreign policy export controls, nuclear export controls, antiboycott controls, and arms controls.

Subsequently, as mandated by Section 1110 of the Trade Agreements Act of 1979, the Administration prepared for the Congress a comprehensive report, which reviewed Executive Branch export promotion functions and potential programmatic and regulatory disincentives to exports.

Reflecting concern about the competitiveness of U.S. industry,

the trade reorganization described earlier provided for the establishment, within ITA, of a staff focusing on key industry sectors. The initial emphasis has been on the automotive, steel, and high-technology electronics industries such as semiconductors and telecommunications.

ITA was a significant contributor to the interagency review of policy options for dealing with the impact of imports on the domestic auto sector. As part of this review, it issued a survey of automotive restrictions maintained by other nations. ITA actively participated in such steel forums as the **Steel Committee of the Organization for Economic Cooperation and Development (OECD)**, the **OECD Steel Symposium**, and the **(U.S.) Steel Tripartite Advisory Committee**. The semiconductor industry described its principal concerns at a wide-ranging conference attended by a Commerce Department group headed by the Under Secretary for International Trade.

Also this year, IEP provided support for the Secretary when he co-chaired the U.S. Delegation to the annual ministerial meeting of the OECD Council in Paris. He also met with senior government officials and business leaders in Italy and Greece, and participated in the 66th General Conference of the International Labor Organization in Geneva. Secretary Klutznick later visited Ottawa for discussions with his Canadian counterpart.

The Joint U.S.-Japan Trade Facilitation Committee, established to help expand U.S. exports to Japan, completed its third year of operation. In addition to working on single-company market access cases, this mechanism increasingly focused on instances where restrictions apply to all potential exporters of the product. Two of these industry-wide cases were

successfully resolved; several others were in progress.

In the area of international finance, the Department served as the focal point for analysis and administration support for the export trading company legislation, which will permit small and medium sized firms to join together with banks and other companies in new export ventures. Commerce also intensified its efforts on behalf of the international service industries to develop a wide-ranging program aimed at identifying and reducing barriers to their operations abroad.

Reports on the role of foreign investment in the United States in major domestic economic sectors were published, and information on more than 1200 investment cases was developed and included in an expanded computer-based information system.

In accordance with the President's reorganization of international trade functions, the Office of Textiles was reorganized during FY 1980, and was renamed the **Office of Textiles and Apparel (OTEXA)**. Activities during the period reflected the initiatives set forth in the Administration's *White Paper*, which pledged a new approach to ensure the health and growth of the domestic textile and apparel industry.

The reorganized OTEXA participated in talks with Hong Kong, Korea and Taiwan, aimed at reducing the likelihood of import surges from these three leading suppliers. Four bilateral textile and apparel agreements which were scheduled to expire in 1980 (Poland, Romania, Malaysia, and Yugoslavia) were renegotiated, and new agreements were concluded with the Governments of China, the Dominican Republic and Sri Lanka, bringing the total agreements in force to 23. In all,

some 600 actions were carried out under **Committee for Implementation of Textile Agreements (CITA)** auspices during the fiscal year. At the close of calendar year 1979, imports of cotton, wool and man-made fiber textiles and apparel were down 19 percent from 1978.

Trade promotion activities have included establishment of U.S. pavilions at major international fabric and apparel trade shows in Germany, France and Sweden, a foreign trade mission for American yarn manufacturers, domestic shows under the foreign buyers program in various cities throughout the United States, and in-store promotions of U.S. products in Amsterdam, Helsinki and Copenhagen. In the area of market research, some 50 global market studies were distributed. A study on the feasibility of an export trading company for textiles and apparel is expected to be completed by the close of 1980. A study comparing export financing facilities with those available abroad also was completed.

A major development in U.S. export promotion was the creation of the interagency **Committee to Eliminate Textile Export Barriers (CETEB)**, a joint effort of the Departments of Commerce, State and Labor and the **Office of the U.S. Trade Representative (USTR)**. During the year, non-tariff trade barriers imposed by Greece, Norway, Israel, Italy and the United Kingdom, which affected a variety of U.S. textile and apparel exports, were removed or were in the process of being resolved.

Economic Development Administration

The Economic Development Administration is charged with assisting the long-term development of economically lagging areas.

Economic progress is the result of countless decisions and actions arrived at within the framework of a flexible development process. EDA's contribution to this mix, designed to provide people with one of their most basic needs—jobs—has consisted of two vital elements:

- A partnership with the private sector to encourage long-term commercial and industrial growth in economically distressed areas.
- A minimum of control from Washington, coupled with maximum State and local participation to ensure that community needs are addressed.

In FY 1980 EDA approved a total of 1,249 projects valued at \$609 million to help the private sector create employment opportunities for jobless and underemployed Americans.

Included were:

- \$243 million for public works.
- \$110 million for business loans.
- \$103 million in private-sector loan guarantees.
- \$ 87 million for economic adjustment assistance.
- \$ 34 million for planning.
- \$ 31 million for technical assistance.
- \$ 4 million for research and program evaluation.

Brief explanations and highlights of EDA's major programs follow:

EDA's public investment program is primarily designed to help communities finance facilities such as access roads, industrial parks, job-training centers, water and sewer lines, and commercial complexes. These kinds of support are necessary to support industrial and commercial growth.

During FY 1980, close attention was also paid to another component of EDA's public investment program: revolving loan fund grants for areas with long-term economic deterioration. These grants are made to local govern-

ments and community-based organizations which use them to make low interest loans to businesses to undertake job-generating projects. The program began in FY 1978, and during the past year EDA took steps to make sure that (1) local financial gaps are clearly identified and (2) grant recipients can administer loans effectively in their areas.

EDA also developed guidelines to implement an executive order encouraging energy-efficient construction.

The agency has been working with other Federal agencies to prepare uniform compliance requirement for 16 laws and executive orders which directly affect grant programs.

EDA conducted a summer jobs initiative as part of the effort to create temporary jobs providing work experience and training for unemployed youths. The agency invested \$15 million for short-term community improvement projects in 15 target localities. Almost 7,800 summer jobs were created in areas where unemployment rates, particularly among minority youths, are among the highest in the country. Of the jobs, more than 5,800, or 75 percent, went to previously unemployed individuals.

Private Sector Investments

The agency's private sector economic development assistance consists of loans and guarantees to companies to save or create jobs in distressed areas. Aid is available for the purchase or repair of fixed assets or for working capital. In FY 1980, EDA approved 105 loans and guarantees totaling \$144 million under its regular long-term economic development assistance program.

During FY 1980 the thrust of this program was altered to make the program more responsive to the private sector. The refinement of

new policies and procedures is expected to be completed in FY 1981.

Adjustment Assistance

Areas that experience sudden and severe economic dislocations are eligible for special economic development and adjustment assistance under Title IX of the Public Works and Economic Development Act. Grants are made for planning and to implement adjustment plans.

During FY 1980, EDA initiated an interagency program that allows Title IX and other Federal help to be provided faster and more effectively to communities that suffer natural disasters. In 1980 EDA also provided special help in the form of 20 grants totaling \$2,250,000 to States and communities affected by adjustments in the automobile industry.

Planning Assistance

Planning grants serve as building blocks for economic development. Planning assistance includes grants to States, to multicounty economic development districts and rural counties, and to cities and urban counties.

Management of planning programs was improved by simplifying grantee guidelines and documentation requirements. As a result, communities were able to concentrate their attention on needs and strategies instead of paperwork.

Flexibility is the hallmark of technical assistance. Such support includes grants to both national development organizations and community-based development groups. It also includes assistance to help firms and industries cope with import competition.

Under its technical assistance program, EDA continued its support of management and technical

assistance centers at universities in 29 States; a variety of development activities of State and local governments and multicounty development districts; and feasibility studies and demonstration projects.

Research Evaluation

EDA provided grants for research and training assistance, conducted policy seminars on a variety of topics, provided new information on the need for and effectiveness of Federal economic development assistance, and continued to monitor changing economic patterns in the Nation.

Research during FY 1980 included a study of public works investments in the country; five studies identifying data necessary for local economic development planning and decisionmaking; and a study of the effect of EDA assistance on the incomes and employment of local residents. The ongoing regional economic development internship program once again placed several hundred student interns in economic development agencies across the country.

Evaluations initiated during FY 1980 included analyses of 18 projects funded by EDA to encourage metropolitan planning; export assistance programs in nine multicounty economic development districts; and the organization of a training academy co-sponsored with the Opportunities Industrialization Centers of America.

Trade Adjustment

To help private companies and communities respond to problems caused by import competition, EDA continued to provide technical assistance grants, loans and loan guarantees for working capital and for the installation of modern machinery and equipment,

and grants to carry out adjustment programs in severely affected communities.

In addition, EDA maintained its funding of trade adjustment centers around the country staffed with specialists in management, finance, production, and marketing.

During FY 1980, EDA approved \$70 million in trade adjustment loans and guarantees, and \$19 million in grants to communities and industries hurt by import competition.

The agency has been active on the Commerce-Labor Adjustment Action Committee, which coordinates programs to help workers, firms, industries, and communities rebound from plant closings and layoffs triggered by import competition.

EDA also began to study the impact of its assistance to firms hurt by import competition.

Local Public Works

To close out the two-round, \$6 billion Local Public Works (LPW) program begun in 1976 quickly and efficiently, responsibility for post-approval monitoring of LPW projects was consolidated in Washington. As a result, less time is needed to resolve auditing questions and close out projects. LPW projects generate jobs in construction and related industries, infuse capital into local economies, and provide useful public facilities.

All LPW funds were obligated by the end of FY 1977, and by the end of FY 1980, about \$5.7 billion or 95 percent of LPW funds had been disbursed to grantees to cover actual expenditures. The agency's statutory 10 percent minority business participation requirement actually resulted in the expenditure of approximately 18 percent of second-round funds, or \$700 million, with minority firms.

This requirement, which had been challenged in the courts, was upheld as constitutional by the Supreme Court.

Special Initiatives

During FY 1980, EDA began to explore how its programs support the Nation's attempt to stimulate exports. As part of this initiative, EDA worked with other agencies to study services now being offered by the Federal Government so that gaps in assistance could be identified.

Another special initiative in which EDA is involved is the President's Small Community and Rural Development Policy, designed to concentrate and coordinate the use of Federal programs in rural areas. Among 10 action items is the Main Street Demonstration, which is attempting to upgrade and make viable 30 rural downtown areas in six States.

EDA has administered the President's Special Steel Loan Guarantee Program under which guarantees of more than \$365 million have been approved for five steel companies, saving approximately 54,000 jobs. Guarantees totaling \$160 million for two additional companies may be approved under this program in the future. EDA has been actively involved in the Steel Tripartite Committee and is assisting communities affected by changes in the steel industry.

Energy Initiatives

EDA now requires that energy conservation be considered in local development planning. In addition, the agency has given priority to projects within the public works impact program which demonstrate the economic benefits of conserving fuels and create immediate jobs for construction workers. EDA obligated grants

totaling \$14.5 million in FY 1980 for energy conservation projects in public buildings.

The agency also continued its support of the **Air Quality Technical Assistance Program**. This project, carried out jointly with the Department of Housing and Urban Development, the Environmental Protection Agency and the Department of Transportation, provides funds to eight cities to study potential conflicts between their economic development objectives and their air quality improvement objectives, and to find solutions to these conflicts.

Foreign Investment

This initiative is aimed at assisting foreign businesses that have made a decision to invest in the United States. These businesses are advised to target their investments in areas of the country with lagging economies.

Employment

EDA has instituted procedures for linking the permanent private and public sector jobs created by its investments with the EDA target population, particularly the long-term unemployed. For FY 1980, EDA's goal was to fill 15 percent of the jobs it created with long-term unemployed persons (i.e., those eligible for aid under the Labor Department's Comprehensive Employment and Training Programs). This effort is being carried out in conjunction with HUD, DOT, and CSA, which are also setting annual goals for the number of such persons who will be trained and placed in jobs created by their investments. EDA and the other agencies are working with local employment service programs to accomplish these goals.

Minority Business

EDA continued to support minority economic development. This program was established to as-

sure that appropriate levels of agency support are provided each year for economic development projects in depressed areas that substantially benefit minority firms or individuals.

The full range of EDA programs was used to continue support of economic development projects on Indian reservations.

Streamlining

A common thread running through EDA programs was a constant focus on streamlining the delivery of services. In a variety of ways, EDA eliminated red tape and duplication, and introduced innovative measures to coordinate activities with other Federal agencies, and State and local governments.

A key example was the refinement of EDA's computer operations, which today are better keyed to practical needs than at any time in the agency's 15-year history. EDA's major programs are now almost completely supported by computerization.

Project Examples

Economic growth projects supported by EDA complement and accelerate the development of other public and private programs at the State and local levels—including health, transportation, education, training, and the efficient use and conservation of energy and natural resources.

Because EDA programs are so versatile, individual projects can be tailored to enrich the economic and social fabric of a community, regardless of its makeup and location.

EDA projects approved or showing substantial progress in FY 1980 included:

- Technical assistance funds to further the planning and training efforts of such groups as the U.S. Conference of Mayors, National

League of Cities, National Association of District Organizations, National Council for Urban Development and the Neighborhood Business Revitalization Program. This activity is part of EDA's national technical assistance program, which provides the support necessary for organizations to furnish economic development expertise and outreach services.

- Public works support which helped the city of Wilmington, Delaware, construct facilities to increase containership traffic through its port. The project included construction of a multi-purpose gantry type bridge crane with bucket, container, cargo, and scrap-operation capabilities.

- Revolving loan funds to prevent the shutdown of a moccasin plant, the largest employer on the Pine Ridge Indian Reservation in South Dakota. When 180 jobs were threatened by the imminent closure of the plant, EDA responded with a Title IX grant to the Pine Ridge Development Company, which loaned the funds to a company owned by tribal members.

- Construction with public works funds of a 500-berth commercial marina at Richmond, California. The project is an integral part of the city's long-term waterfront revitalization program.

- A technical assistance grant to establish a university-based consortium in Arkansas, Georgia, and Mississippi to train economic development professionals for rural areas. Participating are the Mississippi Research and Development Center, the University of Arkansas, and the Georgia Institute of Technology.

- Construction of a recovery plant in Sumner County, Tennessee, to burn solid waste and provide inexpensive energy for local industry. Not only will the incinerator-boiler system be used in

the plant to reduce disposal costs, but the operation will also generate revenue for the county government.

- Using public works funds to revitalize a commercial area in Los Angeles being developed by a black economic development organization. The Vermont-Slausen Economic Development Corporation, a community-based organization, estimates the project will create about 400 long-term jobs once the shopping center is established.
- A planning grant to enable the Bridgeport-Waterbury area of Connecticut to coordinate air quality and economic development objectives for nine agencies at three levels of government.
- Public works funds to relocate part of a county highway to permit construction of a "float glass" plant in Macon County, Illinois. The highway project will enable the Pittsburgh Plate Glass Company to stay in the area, build a new plant, and return the operation to a full-production workforce of about 460.
- Development of the Bathgate Industrial Park in the South Bronx area of New York City with a public works grant of \$4,280,000. The project is one of several supported by EDA to encourage an expansion of existing businesses and provide new private-sector jobs to the South Bronx.
- Rehabilitation of the Boston fish pier by the Massachusetts Port Authority to protect and expand the fishing, processing, and wholesaling industries. The project is expected to stabilize about 1,100 jobs and in the long term generate an additional 3,000.
- Technical assistance funds to determine the feasibility of establishing an international agribusiness trade center in Wyandotte County, Kansas.
- Planning support for the multi-

county Georgia Mountains Economic Development District, which is working to increase exports of locally manufactured farm and industrial equipment to Latin America and Southeast Asia. The project is part of the export development program which utilizes economic development districts under an agreement between EDA and Commerce's International Trade Administration.

- Implementation of comprehensive Title IX redevelopment plans in Lynn, Massachusetts, and Berlin, New Hampshire. In Lynn, more than 1,000 jobs are expected to be saved and at least another 1,000 created. Both cities are old manufacturing communities which have lost industry and jobs steadily to foreign and domestic competition.
- A grant to construct a multi-purpose development center at Pharr, Texas, to provide health, housing, and economic growth services to minority and seasonal farm workers.

These examples, some representative, some unusual, in sum reflect how EDA programs in FY 1980 helped reshape the future of many American workers and their families.

Maritime Administration

The Maritime Administration (MarAd) was established in 1950 as a Commerce Department Agency responsible for developing a modern U.S.-flag merchant marine and an efficient shipbuilding industry capable of meeting the Nation's shipping requirements for peacetime commerce and logistic support of the Armed Forces in national emergencies.

MarAd is headed by the Assistant Secretary of Commerce for Maritime Affairs, who also serves as Chairman of the Maritime Subsidy Board and (under

a Presidential declaration issued in July 1979) as chief spokesman for the Administration in maritime affairs. The Board administers contracts which provide Federal assistance in the construction and operation of American-flag vessels in the foreign commerce of the United States.

Significant maritime developments in FY 1980 included:

- U.S. Government (Title XI) guarantees of private loans to aid in the financing of ship construction were projected at \$1 billion for the year, with about 600 vessels covered.
- During the fiscal year, 20 large merchant ships were delivered. The backlog of new ships under construction or on order at the beginning of the fiscal year totaled 56 units with an aggregate contract value of \$3.4 billion. The year-end projected total was 53 ships valued at \$2.9 billion. A decline in shipbuilding activity is expected during the next 2 fiscal years as scheduled deliveries exceed new orders.
- The deep-draft U.S. merchant fleet's carrying capacity reached a record 24 million deadweight tons.
- Negotiations were continued with the People's Republic of China looking toward the conclusion of a U.S.-PRC maritime agreement.
- The Departments of Defense and Commerce launched a joint program to design and build the first in a series of Maritime Pre-positioning Ships for rapid deployment by the U.S. Navy.

Federal Aid Programs

In FY 1980, after extensive consultations with industry representatives, the Maritime Subsidy Board amended the Code of Federal Regulations (Part 283, Title 46) to adopt a new dividend policy for recipients of operating-

differential subsidy. The new dividend policy is significantly less restrictive in that it recognizes the need of shipping companies to provide an adequate return to shareholders to stimulate further investment. It also is designed to ensure that subsidized operators retain sufficient capital for timely replacement of existing vessels, reduces their reporting requirements, is easier to administer, and less subjective in operation.

In a decision of major interest to the American maritime community in this reporting period, the Supreme Court of the United States unanimously confirmed the power conferred by law upon the Secretary of Commerce to amend construction-differential subsidy contracts to permit ships built with subsidy to enter domestic trades upon repayment of the subsidy. The case, *Seatrain Shipbuilding Corp. v. Shell Oil Co.*, involved the tanker *Stuyvesant*, built by Seatrain for the affiliated Polk Tanker Corp.

The operation of MarAd's ship subsidy and other maritime-aid programs in FY 1980 contributed substantially to the growth, modernization, and increased productivity and competitiveness of the American maritime industry.

Operating-differential expenditures, paid to offset the difference between the cost of operating U.S.- and foreign-flag vessels, were projected at \$343 million for the year—some \$43 million more than FY 1979 payments.

Construction-differential subsidy commitments and authorizations amounted to \$54 million through the first 10 months of FY 1980. Applications were pending for Federal assistance in the construction of dry-bulk carriers, multipurpose cargo ships, and petroleum product tankers, and the retrofitting of nine vessels to meet new pollution-control standards.

No contracts were awarded for the subsidized construction of new commercial ships through August. However, subsidy applications were pending for dry-bulk carriers, multipurpose cargo vessels, and petroleum product tankers. Contracts were awarded for 14 new, privately financed merchant vessels in FY 1980.

The Maritime Administration also assists in the construction of U.S. merchant ships and offshore drilling and service vessels through the Federal Ship Financing Guarantees Program under Title XI of the Merchant Marine Act of 1936, as amended, and Capital Construction Funds.

Under Title XI, MarAd committed \$855.3 million in loan guarantees covering the construction of 494 vessels through the first three quarters. By year's end, FY 1980 commitments were expected to cover 600 vessels and total \$1 billion, about \$45.5 million more than the total for FY 1979. As of June 30, 1980, outstanding financing guarantees under Title XI exceeded \$7 billion, covering 2,747 vessels and 2,119 shipboard lighters.

Since offshore drilling and service vessels became eligible for Title XI guarantees in 1972, commitments of more than \$1.3 billion have been made to aid in the construction of 68 drill rigs and 159 support vessels. Commitments for all types of vessels from 1936 through mid-1980 totaled \$9.2 billion.

In the first three quarters of this fiscal year, ship operators deposited \$227 million of vessel earnings into Capital Construction Funds established within the tax-deferral provisions of the Merchant Marine Act. Since this program was established in 1970, more than \$1.5 billion in deposits have been utilized to upgrade the U.S. merchant marine.

Under a MarAd ruling this year, support vessels for the offshore marine industry became eligible for the Capital Construction Fund program.

Another program operated by MarAd, the Construction Reserve Fund, enables owners/operators of U.S.-flag ships to deposit proceeds from ship sales and defer Federal taxes on these proceeds if they are used in construction, acquisition, reconstruction, or reconditioning of vessels.

Twenty new merchant vessels were scheduled for delivery by privately owned U.S. shipyards in FY 1980. The projected total coincides with the 20 actually delivered in each of the previous 2 fiscal years.

Maritime Workforce

Ship deliveries are expected to outpace new orders during the next 2 years, resulting in the lay-off of an estimated 26,000 production employees out of a current U.S. shipyard workforce of some 115,000.

Conversely, in this reporting period, shortages of skilled labor, particularly welders and machinists, continued to plague several U.S. shipyards. No national strike or major work stoppage occurred, preserving an era of maritime labor-management peace that had prevailed throughout the 1970's. In May 1980, months before the expiration of its current contract, the International Longshoremen's Association (ILA), AFL-CIO, signed a master agreement with Atlantic and Gulf Coast employers. This had occurred only once before in the last 30 years of ILA-management contract negotiations. (Talks continued on local issues with no problems anticipated.)

Education and Training

MarAd continued to improve and expand its supplemental training of

seafarers. Collision-Avoidance System display units were installed at radar training centers which the agency operates in New Orleans, New York, San Francisco, Seattle, and Toledo. Construction progressed on new merchant seafarer firefighting facilities in New Orleans and Toledo (similar to schools operated in cooperation with the U.S. Coast Guard and the Navy's Military Sealift Command at Earle, N.J., and Treasure Island, Calif.).

The U.S. Merchant Marine Academy in Kings Point, N.Y., introduced special short courses in marine diesel operation for deck officers and management personnel of shipping lines. The orientation courses were the result of a continuing trend toward diesel propulsion in the U.S. oceangoing merchant fleet. Five-week courses in diesel engineering also were conducted at Kings Point for ships' engineering officers holding steam licenses.

Two hundred forty-four young men and women were candidates for graduation at the Kings Point June exercises, addressed by the Secretary of Commerce; and 652 merchant marine officers were graduated from the six State maritime academies which receive financial aid from the Maritime Administration.

Legislation

A measure establishing U.S. merchant marine service requirements for graduates of Kings Point and the subsidized State schools was among more than a score of bills actively discussed in the Second Session of the 96th Congress. This measure was passed by the House of Representatives in June, cleared the Senate on September 29 and was signed into law by President Carter on October 15, 1980.

The Assistant Secretary for Maritime Affairs and other MarAd

officials testified at Congressional hearings on a wide range of legislation, particularly the Omnibus Maritime Reform Act (H.R. 6899) and the Ocean Shipping Act (S. 2585), on which final action was pending late in the year.

Fleet Status

The dry-bulk segment, with only 18 ships, most of which are in the 30-year age bracket, is the weakest link in the U.S. commercial fleet. Dry-bulk cargoes such as grain, ore, and coal comprise 40 percent of the tonnage moving in the foreign trade of the United States—the leading Nation in world trade; yet bulkers under the U.S. flag carry only 1 percent of the total.

Preliminary data on U.S. oceanborne imports and exports in calendar year 1979 indicate that American-flag vessels carried 4.3 percent of all U.S. commercial cargo tonnage (up from 4.1 percent in 1978) and nearly 27 percent of the general cargo liner trades. Total U.S. oceanborne foreign trade reached a record 823.3 million tons and the liner segment a record 59.3 million tons.

Competition for U.S. general cargoes among common carriers—keen for years—intensified in this reporting period, with adverse effects on U.S.-flag operations on some major routes in America's foreign trade.

On July 1, 1980, the privately owned, deep-draft fleet of the U.S. merchant marine totaled 725 vessels with a record carrying capacity of 23.6 million deadweight tons, up 600,000 deadweight tons since the start of the fiscal year. During this period, the oceangoing component of the deep-draft fleet decreased by eight ships—from 577 to 569—but its cargo capacity also increased as a result of the addition

of larger, more productive ships. A similar pattern was noted in the Great Lakes fleet, which showed virtually no change in deadweight tonnage although the number of vessels declined from 159 to 156.

Domestic Shipping

The Maritime Administration undertook major analyses in two areas of domestic shipping. It completed a study on "The Competitive Position of Domestic Shipping in the U.S. Transportation Market," recommending a restructuring of the intercoastal and coastwise components of the domestic marine transportation network to increase its services and share of the market, which is also served by the rail, highway, pipeline and air distribution systems. In addition, the Agency assessed the future tanker supply and demand for the Alaskan and other domestic oil trades.

Work continued on a Commerce-Transportation Department study to assess the impact of inland waterway user charges, which were established by the Inland Waterway Revenue Act of 1978. The study report and recommendations to the Congress are to be submitted by Sept. 30, 1981.

A combination of economic and political developments—notably the downturn in U.S. steel and automotive production and sales and the U.S. embargo against annual grain shipments in excess of 8 million metric tons to the Soviet Union—hampered segments of America's waterborne commerce. The effects were not pronounced in the bulk cargo trade on the Great Lakes.

Ports

As a part of its mission to promote port and intermodal development, MarAd conducted an analysis of the Nation's require-

ments in seaport and riverport cargo-handling facilities by 1990. The study concluded that capital expenditures of \$5 billion would be needed to meet projected waterborne traffic in deepwater ports and some \$4.8 billion would be required at inland terminals in 17 mid-American States—a region that projects northward from the Central Gulf area to the headwaters of the Mississippi River basin.

Research/Development

A number of significant maritime research tasks were undertaken or completed in FY 1980. Among the projects, a contract was awarded to study the economic potential of sailing ships in world trade; a method was developed for applying copper-nickel sheathing to ship hulls to prevent the buildup of deposits which increase hull resistance and fuel consumption; the technology in U.S. shipyards was compared with that of foreign yards to determine where improvements could be made; and a cargo module (called SEA-SHED) was designed to match containership capabilities to military necessities, providing a way to adapt the most productive commercial cargo ships to the needs of sealift readiness.

In addition, the abilities of the American academic community were brought to bear on the marine industry's problems through a series of R&D contracts with universities.

At Kings Point, N.Y., MarAd **Computer-Aided Operations Research Facility (CAORF)**, employing the world's most advanced marine simulator, conducted a series of programs designed to ensure safer operating procedures in ports and on waterways, test the effectiveness of navigating aids, and develop better ways to design ports and train ships' officers.

Research Development

In its research and development program, MarAd also seeks to improve energy efficiency in marine systems. The projects include the development of advanced propeller and hull designs, and modifications to reduce the fuel consumption of conventional steam-propulsion systems.

The skyrocketing costs of energy have made fuel costs the dominant factor in the economics of shipping. The Maritime Administration has encouraged a U.S. industry trend toward the powering of oceangoing vessels with energy-efficient diesel engines. In 1977, the agency relaxed its regulation on the use of foreign-built components in subsidized ship construction in a move that ultimately led to the licensed manufacture in the United States of slow-speed diesel engines for the first time. As a result, these engines are being installed in three large containerships under construction in an American shipyard.

In the aggregate, these energy-use improvement programs and industry conservation efforts are expected to save operators of U.S.-flag ships several hundred million dollars a year.

The Maritime Administration also has given further impetus to ocean thermal energy conversion and other experimental systems which utilize the energy resources of the sea.

The Marine Environment

The Agency conducts a number of programs to preserve the quality of the marine environment.

In FY 1980, MarAd:

- Completed an industrywide survey of U.S.-flag owners and operators on their plans (and options) to meet minimum tanker design standards for pollution prevention as prescribed by the Port and Tanker Safety Act of 1978;

- Investigated asbestos exposure hazards in the maritime industry, developed an "Environmental Assessment for the Control of Asbestos Hazards in MarAd Programs," and filed the document with the Environmental Protection Agency;

- Co-chaired an interagency study to determine whether a more active Federal Government role—especially in funding—is required to develop a chemical waste incinerator ship program in this country;

- Began preparation of an Environmental Impact Statement on its maritime aid programs.

National Defense

The Maritime Administration became a partner with the Department of Defense in carrying out the President's directive that significant sealift capacity be created to protect national interests abroad.

In a joint program with the Navy, and using Navy funds, a multi-purpose mobilization vessel which MarAd already had under development was redesigned as a Maritime Prepositioning Ship. Late in the fiscal year, plans and specifications were approved for the ship design, and shipyards were invited to submit bids for the (MarAd-supervised) construction of one or more vessels in this new series. The ships' design provides roll-on/roll-off (RO/RO) and both standard and heavy lift-on/lift-off capabilities. Loaded with Marine Corps equipment and supplies, the ships would be prepositioned strategically for use as required.

This phase of the U.S. armed forces' rapid deployment contingency plan also calls for the conversion of up to four maine-class RO/ROs now in the U.S. merchant fleet for use as Maritime Prepositioning Ships.

MarAd currently maintains a National Defense Reserve Fleet of more than 300 vessels, including some 25 in a special group of Ready Reserve Fleet ships which can be activated for military logistic support and underway in 5 to 10 days.

S.S. Jeremiah O'Brien

On May 21, 1980, the S.S. *Jeremiah O'Brien*, the last unaltered Liberty ship known to exist anywhere, completed an historic, 4-hour voyage in San Francisco Bay, docked at Fort Mason, and was dedicated as the National Liberty Ship Memorial. The vessel had been in MarAd's Suisun Bay (Calif.) Reserve Fleet since the end of World War II.

The Department of Commerce cooperated with the Department of the Interior in placing the *Jeremiah O'Brien* in the Golden Gate National Recreation Area (San Francisco) as a permanent floating memorial to the men and women who built or served aboard the Liberties during World War II.

Minorities and Women

The Maritime Administration revitalized its efforts this year to promote greater participation by minority and women vendors and entrepreneurs in the U.S. maritime industry. Minority- and women-owned businesses have transacted an estimated average annual volume of \$15 million in sales with maritime companies over the past 3 fiscal years. Procurement opportunities for these businesses are expected to increase under this MarAd program in coming years.

International Activities

In an expanded role in international maritime activities, in FY 1980 the Assistant Secretary of Commerce for Maritime Affairs headed U.S. delegations which held bilateral talks involving

ocean-borne commerce with representatives of the governments of the People's Republic of China, the Soviet Union, Argentina, Brazil, and the Republic of Korea.

There were two additional rounds of discussions in Beijing looking toward the conclusion of a bilateral maritime agreement with the PRC. These negotiations were initiated during the Secretary of Commerce's trade talks in China in May 1979, and the new agreement was formally signed in Washington, D.C. on September 17, 1980.

The discussions with representatives of the Soviet Union concerned continuing implementation of the 5-year (1976-81) U.S.-U.S.S.R. Maritime Agreement.

The National Oceanic and Atmospheric Administration

The National Oceanic and Atmospheric Administration's creation in 1970 reflected an understanding of the fundamental stake the Nation has in the oceans—as a source of food, as a source of energy, and as a source of recreation—and an appreciation of the important relationship between atmospheric and oceanic processes.

Today, NOAA establishes national policies for—and manages and conserves—the Nation's oceanic, coastal, and atmospheric resources, and applies its managerial, research, and technical expertise to provide practical services and essential scientific information.

NOAA's **Office of Fisheries** manages and conserves the fishery resources within 200 miles of the U.S. coast; protects vital habitats of whales and other marine mammals; oversees programs to assist the economic development of the U.S. fishing industry; and conducts

research designed to support these missions.

NOAA's **Office of Coastal Zone Management** establishes our country's policies for coastal areas and provides funds to States to develop and carry out comprehensive programs to manage the competing demands on their coastal resources, to protect vital natural areas such as wetlands and beaches, and to offset the effects of such energy-related activities as offshore petroleum development. This NOAA component also protects unique estuarine and coastal areas through its sanctuaries program and seeks to assure that Federal decisions affecting the oceans take into account existing or potential conflicts with other marine users.

NOAA's **Office of Oceanic and Atmospheric Services** reports and forecasts the weather; provides warnings of hurricanes, tornadoes, and other severe weather phenomena; manages the country's Federal oceanographic fleet; prepares nautical and aeronautical charts and other navigation aids; and operates the largest environmental data storage and retrieval system in the world.

NOAA's **Office of Earth Satellite Services** operated the Nation's environmental satellite system and is developing a civilian land remote-sensing satellite system.

To support its atmospheric, oceanic, and space missions, NOAA's **Office of Research and Development** conducts research programs through NOAA laboratories around the country and through cooperative arrangements, like the Sea Grant program, with universities. In a number of important areas, such as ocean pollution, climate, and weather modification, NOAA is charged with providing leadership and direction for large multiagency research efforts.

In all of these, NOAA plays an active international role. It negotiates and then participates extensively in a wide range of international living marine resource agreements—including agreements to protect the great whales and North Pacific fur seals, to manage such international fish stocks as salmon and tuna, and to conserve Antarctic living marine resources. It conducts research programs under the auspices of international organizations like the World Meteorological Organization and the Intergovernmental Oceanographic Commission and pursuant to agreements with such countries as France, China, and the Soviet Union. It is involved in such multinational efforts as the Global Atmospheric Research Program—the largest atmospheric research program ever—and the negotiations for the Law of the Sea treaty.

NOAA's 10th year as a major Department of Commerce agency was highlighted by a historic journey and the acceptance of a number of important new responsibilities:

- The NOAA Ship *Oceanographer*, carrying scientists and researchers from NOAA and universities around the country, completed a historic visit to China, the first U.S. government vessel to call at Shanghai in more than 30 years. Joint research with several major Chinese research vessels was conducted on the West China Sea continental shelf.
- Under the Deep Seabed Hard Mineral Resources Act, NOAA is beginning a comprehensive national program aimed at permitting U.S. companies to explore for and recover seabed minerals, while awaiting a successful conclusion of the Law of the Sea Treaty.

An interim regulatory program will be established, following appropriate notice of rule-making,

comments, and public hearings, and development of an environmental impact statement.

An immediate benefit of the legislation should be to encourage private investment in the next phase of commercial ocean mining programs. Estimates indicate that an ocean mining group will have to raise approximately \$250 million to conduct the necessary technology development and site exploration work. Enactment of the law serves to encourage such investments by assuring the prospective miners of fully understood and agreed-upon procedures to follow.

The Ocean Thermal Energy Conversion (OTEC) Act of 1980 makes NOAA the authority for licensing those who wish to own, construct, or operate plants that produce energy using the temperature difference between cold, deep ocean waters and warmer, sun-heated surface waters. NOAA will consult with other Federal agencies to ensure that the proposed facilities will be environmentally sound and in the national interest.

The Act also requires NOAA to initiate a program to assess the effects on the environment of individual OTEC facilities, and the magnitude of any cumulative effects.

NOAA's **National Earth Satellite Service** (formerly the National Environmental Satellite Service) took on a new name as it accepted the responsibility for development of a civil, operational, land remote-sensing satellite system during the next decade, and completed a Land Remote Sensing Transition Plan. NOAA also met with potential users of ocean remote-sensing data and conducted preliminary planning for a possible National Oceanic Satellite System.

NOAA's **Office of Civil Rights** reported that it had conducted 41

civil rights training courses in 18 NOAA facilities and had provided special training to the majority of its Equal Employment Opportunity Counselors around the country during the past 12 months. Other highlights in NOAA's strong, ongoing Civil Rights program included establishment of the position of EEO Compliance Officer for Title VI of the Civil Rights Act of 1964 and the completion of the NOAA Affirmative Action Program Plan.

Finally, a new computer system was installed to more effectively process management and budget material for the organization, and work progressed on a major new NOAA Western Regional Center in the State of Washington.

Oceanic and Atmospheric Services

Oceanic and atmospheric programs conducted by NOAA in 1980 progressed considerably as the **National Weather Service** strengthened its flood forecasting systems in several locales.

- A flash flood warning system for the mountainous Appalachian area of Pennsylvania, Virginia, West Virginia, and Kentucky. This is a cooperative effort between the Weather Service, the Appalachian Regional Commission, and the States involved. A network of special weather and rainfall detection systems and a communication system between National Weather Service offices and local authorities will provide advance warning to the population of Appalachia of conditions that could result in deadly flash floods. Actions can then be taken to evacuate people to safer ground.
- The river and flood forecasting program in the North Central United States was greatly strengthened in 1980 by the addition of a new River Forecast Center in Minneapolis. Another

major contribution to improved forecasting has been the implementation in the northern Great Plains of the Aerial Gamma Radiation Measurement program for estimating snow water equivalent. This program, which employs low-flying aircraft for rapid measurement over a large area, became operational in 1979.

- A nationwide network of approximately 350 continuously-broadcasting NOAA Weather Radio stations is near completion. These stations greatly enhance the ability to deliver timely warnings of tornadoes, flash floods, and hurricanes directly to the public. The network, with its emphasis on public safety, has drawn considerable support, not only from the public, but also from State governments which are helping to maintain the network of transmitters.

- NOAA's **National Ocean Survey** commissioned the 127-foot fishery research vessel *Chapman* during the year to support fish stock assessment programs in the North Pacific.

- Other ships of the 25-vessel NOAA fleet were in the news as the research ship *Oceanographer* made the historic visit mentioned above to the mainland of China while on a Pacific oceanographic mission, and the NOAA Ship *Surveyor* completed the first leg of a marine geological and geophysical study of the submerged northern extension of the San Andreas fault.

- NOAA surveyors also completed an earthquake movement study in California to determine the amount of crustal movement and its effect on the Agency's triangulation network in the vicinity of the Imperial Valley fault.

- The 12-month data acquisition phase of NOAA's Strategic Petroleum Reserve Project was completed successfully. The

equivalent of about 18 instrument-years of data were obtained from ocean bottom sites in the Gulf of Mexico where oil reserves might be stored.

- A total of 3,500 station months of tide data were collected during the year. Tidal data collection for the California Marine Boundary Program was completed, as was the data analysis for the New Jersey Marine Boundary Program. The National Ocean Survey collected 850 station-months of temperature and density data, and awarded the contract for the first phase of a three-phased development of an advanced tide and water level sensing and recording system.

- National Ocean Survey chart-makers revised two-thirds of the Lake Michigan navigational charts and completed the compilation charts for the Detroit River and Lake Superior, which include four harbor charts. The Lake Erie compilation was completed for three harbor charts.

- Eight new Coast Pilot editions were published, six of which contain oblique photographs showing entrances to harbors, bays, and ports that will greatly assist boaters in safely approaching unfamiliar areas.

- During the 1980 fiscal year, nautical and aeronautical charts issued by the National Ocean Survey totaled 8,591,342.

- NOAA's **Environmental Data and Information Service (EDIS)** completed the final design of a management information system for the National Ocean Pollution Planning Act of 1978. Formats have been designed to collect fiscal and program data from Federal agencies. Meanwhile, EDIS is working to complete development and to implement a National Marine Pollution Information System.

- During the FY 1980 heating and

cooling seasons, EDIS issued temperature-related projections of natural gas and electricity demand for multi-state regions of the country on a monthly and seasonal basis. These went to the Department of Energy (DOE) and to other Federal agencies responsible for energy use and planning, and, upon request, to State energy agencies and to industry. EDIS also provides National, regional, and State climate statistics used to monitor heating and cooling energy consumption and in the allocation of low-income energy assistance funds by the Federal Government.

- EDIS worked with other NOAA components and with DOE to improve existing solar radiation data and make them available in a form most useful for solar energy applications. In addition, in response to DOE requests, EDIS established a test data base for its Ocean Thermal Energy Conversion (OTEC) program, identified areas requiring additional observations, provided tailored data products, and implemented an operational OTEC data base. In another project—in cooperation with DOE and the U.S. Geological Survey—EDIS developed the first detailed maps of geothermal energy sources for the Western United States, Alaska and Hawaii, and Gulf of Mexico coastal areas. EDIS now is preparing for DOE a series of individual geothermal maps for at least 12 western States. Those for Idaho and Colorado have been completed.

- The Environmental Data and Information Service helps to evaluate the potential effects of climate on national and global food supplies. The EDIS reports are used by the Department of Agriculture in its crop-yield assessments. They also are used by the State Department in awarding disaster relief to less-developed countries. During

FY 1980, these assessments were expanded to cover all 50 countries in Africa and 15 countries in South-east Asia, in addition to the countries in the Caribbean and African Sahel areas previously covered.

- EDIS began issuing a monthly publication intended to assess the impact of major climatic and other natural events on construction, economics and commerce, energy, food and agriculture, government and taxes, recreation and services, society, and transportation.
- Marine Recreation Brochures are products of the joint efforts of EDIS and NOAA's Sea Grant Marine Advisory Service. Brochures were published for Rhode Island, San Francisco Bay, New York's portion of Lake Erie, Michigan's portion of Lake Michigan, and the North Carolina coastal area during late 1979. In addition, two brochures for Chesapeake Bay and one for Puerto Rico were scheduled for release late in the fiscal year. The brochures emphasize climatological information and are written for vacationers and other recreational users. The local climate is described in terms of good weather days, sailing winds, fishing weather, and other practical statistics. Information is also included on fishing, boating facilities, swimming and diving locations, and other local recreational activities (including winter sports, where appropriate).

Fisheries (NMFS)

- NOAA's **National Marine Fisheries Service** reported a drastic decrease in the number of foreign fishing vessels competing with U.S. ships off the West Coast since the passage of the Fishery Conservation and Management Act. Enforcement of regulations within the 200-mile fishery conservation zone is a major task of NOAA.

During the 1980 fishing season, NOAA noted that there were only 11 foreign vessels in the area, compared to more than 100 which fished annually off the coast before the 200-mile zone was established.

- NOAA's efforts in the area of effective fisheries management were advanced as 10 management plans governing fisheries from New England to Alaska were completed and 11 more were in the final stages of approval. To date, 25 major fisheries are governed by completed management plans. As many as 60 may be covered eventually by management plans.

- An export and domestic market study by the National Marine Fisheries Service was published and widely distributed to industry. It analyzed markets for underutilized U.S. fish and shellfish in 16 different countries, and has proven valuable to individuals and firms in the export business, particularly those exporting non-traditional species.

- U.S. fisheries trade opportunities with other countries have improved, and there is a continuing search for an international means to conserve fishery resources beyond our fishery conservation zone.

- **The National Marine Fisheries Service** was actively involved in regional habitat protection cases, such as the proposed Portsmouth refinery at Hampton Roads, Va., the proposed Pittston refinery at Eastport, Me., and Outer Continental Shelf Lease Sales on Georges Bank and in the Beaufort Sea.

- The Nation's concern for the conservation of whales was highlighted at the annual International Whaling Commission meeting in Brighton, England, as the U.S. Commissioner and NOAA Administrator pressed for a moratorium on all commercial whaling. While the Commission

did not adopt the moratorium, the U.S. Commissioner said that commercial whaling will come to an end worldwide within the next few years.

Coastal Zone Management

During the past 12 months the **Office of Coastal Zone Management's** four main elements—State programs, sanctuaries, ocean resources coordination and assessment, and the Coastal Energy Impact Program—remained active

- The State programs section provided grants totaling \$34 million to help coastal States and territories protect and develop their coastal resources. There are currently 24 States whose programs have received Department of Commerce approval. Their coastlines comprise more than three-fourths of the Nation's total.

- **The National Estuarine Sanctuary Program**, which provides Federal matching dollars to help States buy and manage pristine wetlands for research and education, now encompasses nine sanctuaries in eight States, including two new sanctuaries in Padilla Bay, Wash., and Narragansett Bay, R.I.

- **The Office of Ocean Resources Coordination and Assessment** completed an atlas of the U.S. East Coast, defining for the first time, in 125 maps, critical biological, geographical, and human aspects of this highly stressed coastline.

- **The Office of Coastal Zone Management** helped ease the local burden of offshore oil and gas exploration through its Coastal Energy Impact Program. More than \$63 million in grants and loans was made to coastal States to support such diverse activities as energy facility siting, research into alternative energy production, including solar, wind, and ocean thermal conversion,

and oil spill containment.

- NOAA was the coordinating agency for Federal efforts endorsing President Carter's designation of 1980 as the Year of the Coast. Throughout the year NOAA gave encouragement to State and municipal programs aimed at creating better understanding of the value of the Nation's coastal areas and the need for public involvement in coastal management. NOAA held ten open house events aboard its ships in ports on both coasts; it contributed to eight gubernatorial proclamations; it distributed \$90,000 for public awareness projects to the League of Women Voters through its Office of Coastal Zone Management; and it produced a Year of the Coast poster for national distribution. It also co-sponsored the CZ '80 conference with many other public and private sector groups.

Major Activities

The broad spectrum of NOAA's scientific endeavor over the past 12 months included:

- NOAA ocean chemists discovered—during research voyages probing the Ixtoc oil spill—that the ocean is apparently able to “digest” large quantities of oil, largely through the action of microbes in the sea. While it was known that the ocean could cleanse itself rather effectively, it was not widely known that microbial action in the sea could destroy such large quantities of oil until scientists met in Miami this summer to discuss results of the Ixtoc voyages of the NOAA ship *Researcher*.
- Project Hurricane Strike, employed initially during 1979 hurricanes David and Frederic, apparently aided NOAA hurricane forecasters in narrowing the area being warned in advance of the storms. Hurricane Strike effec-

tively gives the forecasters an advantage by passing real-time measurements made by aircraft in the storm to a computer at the Miami Hurricane Center. Because necessary overwarning can cause large preparation costs in coastal areas, Hurricane Strike has a great potential economic benefit.

- NOAA's **National Weather Service and National Severe Storms Laboratory**, working with representatives of the Federal Aviation Administration and the Air Force, have established a working unit at the Oklahoma laboratory to steer the development of Nexrad, the next-generation weather radar. Because of tornado-detection capabilities featured on large Doppler radars developed by the lab, the new radars will have a Doppler capability. This is a major technological leap from the present operational radar systems.

- A **Prototype Regional Observing and Forecasting Service (PROFS)**, which is a cooperative effort of several NOAA and other agencies attempting to develop the weather forecasting systems of the future, began initial operations at an equipment development center in Boulder, Colo. PROFS is intended to merge new remote sensing techniques and computer models to provide “nowcasts” and forecasts of weather at the middle scale with unprecedented detail and accuracy.

- NOAA solar forecasters aided NASA's Solar Maximum Mission during the year through a real-time solar observatory set up at Goddard Space Flight Center in Maryland. Guided by information from the NOAA scientists, mission researchers aim a satellite's instruments at areas of the sun where flares are expected, providing the first detailed view of the life-cycle of these disturbances.

Regional Commissions

The Secretary is authorized by statute to designate economic development regions and invite the States within a region to form a regional commission composed of member State governors and a Federal Cochairman appointed by the President.

Eight commissions have been organized since 1966 to help eligible multistate regions promote and manage growth. The commissions identify regional needs, set regional priorities, formulate strategies, and coordinate local, State and Federal programs and resources to encourage regional development. The Commissions have established new initiatives in such areas as international trade, productivity and innovation, resource development, and energy.

The Secretary established the Federal Cochairmen's Regional Development Council, composed of the eight Federal Cochairmen. It consults with the Secretary on issues affecting the regional development program.

The regional commissions serve 34 States and include the Coastal Plains, Four Corners, New England, Old West, Ozarks, Pacific Northwest, Southwest Border, and Upper Great Lakes.

The Regional Development Program operated in FY 1980 under a continuing resolution totaling \$62.8 million. Total obligations amounted to \$62.2 million and of that amount, \$40.3 million or 71 percent was applied to technical assistance and demonstration projects, and \$16.8 million or 29 percent was used to supplement federal grant-in-aid projects.

Four Corners

The Region's Governors have singled out two categories of business for assistance: innovative firms and those with export

potential. The first category includes funding for innovation centers, encouraging regional private/public investment systems, marketing information services, demonstrating alternative energy applications, and developing technical and marketing services to help regional businesses compete for MX-related contracts.

International trade activities include identifying industries which could benefit from international market expansion or development, developing mechanisms to provide management, financial, and marketing assistance to potential or existing small businesses, sponsoring regional trade and buyer missions jointly with State and Federal agencies, and focusing the Commission's tourism program on the international market.

New England

The New England Regional Commission's goal in 1980 was to generate more regional interest in international trade. It concentrated its efforts on attracting small and medium-sized firms, provided research, data, and information services, vigorously encouraged firms to export, and expanded its participation in trade shows, including Commission participation in three trade shows as part of the Commerce-sponsored U.S. Pavilion. It also continued to develop a regional hazardous waste management facility, addressed major regional energy concerns, completed a 5-year rail freight rehabilitation plan, and increased regional tourism through public/private cooperation.

Coastal Plains

The Coastal Plains Regional Commission (CPRC) expanded in 1980 with the addition of South Florida.

Reverse investment seminars were held in Toronto, Canada, and Vienna, Austria, as part of CPRC's efforts to encourage foreign industrial investment in the Region.

Five firms participated in CPRC's booth at MESUCORA, the major French process control equipment trade fair. The firms had actual and projected sales totaling nearly \$900,000.

The Federal Cochairman led representatives of six southeastern seafood companies on a trade mission to Venezuela.

At Wanchese, N.C., construction continues on shoreside facilities, with the seafood industrial park scheduled to open in early 1981.

Economic Development Regions



Dates represent when Commissions were organized.
U.S. DEPARTMENT OF COMMERCE 5/28/80

Newport News, Va., continued to redevelop its harbor into a park, attracting the city's first fishing trawlers and two finfish processors which began operations in late 1980.

CPRC's work to promote the sale of little-used seafood species in the Midwest was broadened to include New England, Mid-Atlantic States, the Southwest, and Coastal Plains markets, and also moved overseas to Japan, Egypt, Nigeria, and France.

Initial contact has been made with West German and Swiss tour wholesalers and a European representative signed for CPRC's program to bring European tourists to the Coastal Plains Region.

In addition to providing research, data, and informational services, the FY 1980 international trade program included Commission participation in four trade shows as part of the Commerce-sponsored U.S. Pavilion.

Old West

The Old West Regional Commission (OWRC) continued to promote the national development of natural resources and the expansion of agricultural production during the year. But an increasing share of its attention was devoted to a very effective international trade program and unique efforts to stimulate industrial expansion.

With offices operating in Europe and Japan, the Commission's international trade efforts produced sharply expanded exports of both agricultural and non-agricultural products.

Among other Commission efforts to broaden the industrial base in the region, two promised exceptional returns. One was the Commission's sponsorship of the Center For Innovation, a non-profit firm designed to help inventors bring worthwhile new

products to market. The CFI experiment is attracting international attention. The second was the Nation's first regional industrial start-up training program. Its ability to provide employee training assistance to new and emerging industries has been eagerly welcomed by industries in the region.

Ozarks

The boundaries of the Ozarks Region were expanded in 1980 to include 206 counties and 9.8 million people in Texas.

The Commission committed itself to a comprehensive program for promoting international trade and travel during FY 1980.

The Commission undertook an analysis of the region's export capacity, developed information on the region's potential export products, published translations for dissemination overseas, and organized an international trade and travel mission to Mexico City.

Because of the region's energy dependence, significant shares of the Commission's technical assistance and demonstration funds have been devoted to energy development, conservation, and mitigating the impact of shortages. The Commission has taken steps to implement each of the identified areas of research outlined in the Lignite Research Agenda.

Specifically the Commission helped to establish mineral and mining institutes in Arkansas and Louisiana this year, funded lignite mining/management assistance programs in these States, conducted a feasibility study of combusting coal and lignite with and without solid waste; and funded an energy-impacted area development program.

Public works projects on gasohol and synthetic fuels, a

regional solar demonstration project in cooperation with the Farmers Home Administration, and continued efforts at promoting renewable energy sources also received Commission support during FY 1980.

Pacific Northwest

The Commission adopted a regional international trade development strategy based on identified industry strengths and overseas market opportunities. It encouraged new-to-export and new-to-market companies that without a stimulus or logistical assistance, would be unlikely to export at all or to export into previously unexplored markets.

The Commission participated in several trade shows during 1980 concentrating on three target industries—forestry machinery, construction and mining equipment, and sporting goods and apparel.

Southwest Border

The Southwest Border Regional Commission (SBRC) sponsored the first international meeting of border Governors from the United States and Mexico. The Governors of Arizona, California, New Mexico, and Texas first proposed that Mexican Border Governors meet with them to discuss a growing range of problems shared by the two countries and affecting economic development in the border region.

The research and development funded by the Southwest Border Regional Commission through Texas A&M University, has advanced the commercialization of producing rubber from guayule.

The Commission's first major regional project has shown how to apply solar technologies to low income border area residences. Under the direction of the New Mexico Solar Energy Institute, the

border areas of Arizona, California, New Mexico, and Texas were used to demonstrate a wide variety of appropriate low-cost solar applications through 237 solar retrofit installations.

Upper Great Lakes

Several Commission projects for FY 1980 focused on strengthening the region's trade/shipping activities and on harnessing alternative energy sources.

A special Commission meeting examined the problems and possibilities of promoting shipping through the twin ports of Duluth-Superior, and the related topics of extending the Great Lakes navigation season, deepening harbors, and the grain embargo impact on area farmers and shippers.

The Commission also discussed with the Great Lakes Commission the idea of a Great Lakes Marketing Corporation to help the region's small business explore export potentials.

A technical assistance program for small hydro dam owners proved successful in Michigan

last year, and was being repeated in Wisconsin. The Commission also supports demonstration projects to test the feasibility of a waste-energy wood cogeneration facility and an ethanol plant using surplus grains.

Minority Business Development Agency

In its first year, the Minority Business Development Agency undertook to:

- increase the participation of minority entrepreneurs in growth sectors of the economy, including high technology (see Industry and Technology)
- increase the availability of capital from public and private sources (see Capital Development)
- assist minority firms to develop into medium and large size firms (see Specialized Services)
- act as an advocate and coordinator of programs and activities that will contribute to the achievement of economic parity for minority business persons (see Aid to Automobile Industry and Export and Development)

Industry and Technology Program

A Seattle, Wash., electronics firm that is manufacturing sophisticated measuring devices under contract for a major U.S. aircraft company; a community of Apache Indians in Arizona whose use of a little-known desert plant to make cosmetics and other oil-based products on a commercial basis which, incidentally, may save the sperm whale from extinction; a company in New York that is harnessing the sun's energy to make electricity; and a California company that is recovering waste steel by-products on a large-scale for recycling, have several things in common.

They are all successful, and are owned and controlled by minority business persons—Blacks, Hispanics, American Indians, Asian Americans, or members of other recognized American minority groups.

Another common factor in their existence is that they were assisted over the years by a Technology Commercialization Center

REGIONAL DEVELOPMENT PROGRAM OBLIGATIONS

(in thousands of dollars)

	Supplemental Grants Fiscal 1980	Technical Assistance Fiscal 1980	Administration Fiscal 1980	Total by Area Fiscal 1980
Coastal Plains	3,157	4,369	614	8,140
Four Corners	2,134	5,945	606	8,685
New England	...	6,985	684	7,669
Old West	1,599	5,650	658	7,907
Ozarks	5,106	4,552	641	10,299
Pacific Northwest	1,093	5,738	401	7,232
Southwest Border	...	4,654	477	5,131
Upper Great Lakes	3,696	2,284	489	6,469
ORD	...	111	528	639
Total by Activity	16,785	40,288	5,098	62,171

(TCC) funded by the U.S. Department of Commerce's Minority Business Development Agency (MBDA), under its Industry and Technology Program.

MBDA's Technology Commercialization Program, first conceived in 1974, has evolved into the present Industry and Technology Program. The program assists minority business firms and entrepreneurs to enter and compete in rapidly growing areas of the national economy with emphasis on the technology-based areas.

Recognizing the important role that the Nation's smaller businesses have played as developers and producers of innovative processes, products, and ideas, MBDA's Industry and Technology Program is actively promoting similar industrial initiatives among minority-owned businesses and

firms.

There are 10 specific areas of industrial innovation or growth industries in the American economy that have been delineated by MBDA. These are:

- Energy
- Health delivery
- Transportation
- Environment
- Communications
- Safety
- Agriculture
- Construction
- Tourism
- Aquaculture/fisheries

As presently structured, MBDA's Industry and Technology Program contains three main and interrelated functional elements.

They are:

1. **Technology and Commercialization Centers.** These are outreach centers which broker individual projects.

There are nine such centers around the Nation (see attached listing), each with differing, but compatible, capabilities. All of the centers work together as parts of a coordinated national system.

2. **A Technology Information System,** which keeps program participants current on projects that are under development. It is a computer-based system that contains data on all current Industry and Technology Program projects, and is programmed with information on opportunities for minority entrepreneurs, and financial and technological resources available to those entrepreneurs.
3. The **Sectoral Development Unit.** This unit analyzes

TECHNOLOGY COMMERCIALIZATION CENTERS

ORGANIZATION NAME AND ADDRESS

Technology Utilization & Commercialization Center
Engineering Experiment Station
Georgia Institute of Technology
Atlantic Steel Building
Atlanta, Georgia 30332

Industrial Technology Research & Development
Foundation, Inc.
P.O. Box 1335
Durant, Oklahoma 74701

Technology Commercialization for Community
Development Office
North Carolina Department of Natural Resources
and Community Development
Archdate Building, Room 1054
512 North Salisbury Street
Raleigh, North Carolina 27611

Center for Arid & Tropical New Crop Applied Science
& Technology (NEWCAST)
Agriculture Science Building, Room 221
Arizona State University
Tempe, Arizona 85281

Department of Community Development
Technology Commercialization Center
City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

New England Technology Commercialization Center
15 Lewis Street
Hartford, Connecticut 06103

Booker T. Washington Foundation, Inc.
Technology Commercialization Center
2000 K Street, N.W.
Washington, D.C. 20006

Industry and Technology Division
Office of Enterprise Development
Minority Business Development Agency
U.S. Department of Commerce
Washington, D.C. 20230

Northwest Technology Center
1370 Stewart Street
Seattle, WA 98109

broad areas of the economy such as telecommunications, energy, and health delivery services to identify areas of opportunity.

The Industry and Technology Program's commercialization process has been divided into four phases:

1. Technology and Market Evaluation
2. Market Adaptation
3. Demonstration
4. Pre-venture Seed Financing

MBDA's Industry and Technology Program's design, then, provides a mechanism for small- and medium-sized minority businesses, possessing the required capabilities, to enter those emerging industries and sectors of the economy that MBDA has identified as having favorable long-term trends. This design also allows minority businesses to compete as the industry grows, rather than entering after the initial growth and opportunities have taken place and there is less chance for successful entrepreneurship.

The process of assisting minority businesses under MBDA's Industry and Technology Program is being accomplished by continuously developing and leveraging existing but uncoordinated resources of both government and private industry into a consortium which provides coordinated access to sources of marketing, financing, new or existing technologies, adaptive engineering and technical assistance, and management tailored to the needs of the minority business and businesspersons.

The Minority Business Development Agency's **Industry and Technology Program**, in summary, is a brokerage agency for the minority business person who is attempting to enter one of the specified growth industries.

The Minority Bank Development Program

The Minority Bank Development Program is an ongoing effort by MBDA, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (FDIC) to strengthen management and policy direction so as to increase access to marketing opportunities. This will be accomplished by facilitating links with major financial institutions and corporations. The program seeks to promote continuing minority bank ownership and control through the use of subordinated debt and other methods approved by regulating agencies.

The chart below shows that the average daily balance of deposits in minority banks at the end of the second quarter exceeded the amount at the close of FY 1979.

Reports are submitted by agency representatives and con-

firmed by the Treasury Department.

Specialized Services

The **Office of Enterprise Development** provided management and technical assistance to minority entrepreneurs through a variety of professional management consultant organizations with proven records of competent assistance. However, in order to assist minority businesses to develop into medium-sized and large firms that produce jobs, add stability to the communities in minority-owned firms that show the greatest potential for becoming multimillion dollar operations.

A network of 10 to 15 exceptionally well-qualified business-development corporations provides concentrated assistance to selected medium-sized and larger minority-owned firms. The business development corporations help the selected firms to:

MINORITY BANK DEPOSIT

AGENCY	FY 1979	FY 1980
Agriculture	\$ 2,279,000	\$ 3,042,000
CSA	5,809,000	5,335,000
Commerce	134,000	500,000
Defense	17,771,000	42,700,000
Energy	500,000	713,000
HEW	4,771,000	3,473,000
HUD	80,434,000	94,000,000
Interior	2,184,000	1,500,000
Labor	47,659,000	28,314,000
Postal Service	1,923,000	1,960,000
Transportation	2,190,000	2,215,000
Treasury	46,683,000	39,881,000
VA	8,987,000	4,878,000
Action	100,000	—
Justice	7,888,000	3,566,000
NSF	370,000	377,000
<i>Total</i>	<i>229,682,000</i>	<i>232,454,000</i>

1. Penetrate industries such as telecommunications, energy, transportation and non-residential construction, and other specialized growth markets;
2. Increase their ability to exploit private and public sector procurement opportunities;
3. Increase their capitalization, and avoid excessive reliance on debt capital.

To be eligible to receive specialized consultant services, firms must possess the following characteristics: a solid growth potential, increasing sales, a varied clientele, an expanding sales market, and some degree of product/service specialization. Firms grossing less than \$500,000 a year normally will not possess the required characteristics. Significant highlights are:

- Assistance to 9,741 operating businesses with gross receipts of \$4.3 billion.
- 1,874 approved financial packages obtained for clients, valued at \$171.6 million. 3,660 procurement contracts obtained valued at \$338.5 million.
- MBDA nationwide rate of return on investment was \$27.17 for each dollar of funding.
- 50 percent of businesses assisted were Black-owned, while 30 percent were owned by Spanish-speaking persons;
- 10 percent of total businesses assisted were female owned;
- 29 percent of business clients were in the construction industry, while 22 percent were in retail trade;
- 37 percent of business clients had gross receipts greater than \$150,000;
- 130 new business starts were generated, including 60 in retail trade and 30 in the service industries;

- The average loan approved by a commercial bank was \$90,592, while the average loan from SBA was \$51,627, and
- Through mid-year, the average interest rate on approved loans was 11.08 percent.

Essential to this process was the formulation of grant regulations providing guidance to the public and the MBDA headquarters and field staff as to MBDA grant and cooperative agreement policies, standards, and guidelines. During this fiscal year, MBDA has prepared regulations to provide guidance on matters such as competition, advertisement, and solicitation of proposals, submission of applications, review and evaluation of proposals, and MBDA's prerogatives with regard to renewal of awards to grant recipients. Also included are procedures concerning terminations for convenience of the Government or for cause. The agency has promulgated a uniform set of guidelines relating to grant awards.

Aid to Auto Industry

The Minority Business Development Agency in its role as coordinator for all Federal programs that relate to minority business took the lead in aid to the automobile dealers industry. MBDA initiated a conference in Washington, D.C., which determined that the needs of minority automobile dealers were so dire that 50 percent would go out of business if help was not received. It was determined that immediate action was needed. MBDA participated in the Administration's task force on automobile credit. It brought to the attention of the Department of Transportation the special problems of minority dealers. It requested that the Administrator of SBA declare minority dealers eligible for

economic dislocation loans. It initiated contacts with private industry. The results of these efforts were seen by the inclusion of a special provision for minority dealers in the President's general aid program to the automobile industry.

Export Development

Realizing that the national thrust is toward international trade, MBDA concluded an agreement with the International Trade Administration that will assist minority firms in successful direct exporting. MBDA identified six companies with export capabilities as part of a pilot program between the two agencies. The ultimate aim of this program is to introduce minority firms to foreign market exposure.

The National Telecommunications and Information Administration

The National Telecommunications and Information Administration (NTIA) is among the newest Federal agencies, formed in 1978 by the merger of the Office of Telecommunications in the Commerce Department with the Office of Telecommunications Policy in the White House. Headed by the Assistant Secretary of Commerce for Communications and Information, NTIA is the chief adviser to the President in most matters of communications policy.

Through its **Office of Policy Analysis and Development**, NTIA presented the Administration's position on communications common carrier deregulation before the Congress, including the development of a "Primer" on the legislative revision of the 1934 Communications Act. The agency also prepared seven bills on privacy protection which helped

implement the Administration's Privacy Initiative.

NTIA was also active before the Federal Communications Commission in all major areas of telecommunications policy, including common carrier, broadcasting issues such as radio deregulation and cable television, and mobile radio. In addition to chairing an interagency task force on electronic funds transfer systems, NTIA published a major report on economic techniques for management of the radio frequency spectrum, and another on direct broadcasting satellite policy. The agency, with the State Department, represents the United States in international negotiations on transborder data flow, and has prepared several reports on the present status of U.S. trade in telecommunications goods and services.

The Federal Systems and Spectrum Management division of NTIA is responsible for most Federal communications system coordination, as well as for management of all Federal use of the radio spectrum. The agency also supported the U.S. delegation to the 150-nation General World Administrative Radio Conference (WARC) with 15 staff members, including a vice-chairman. The WARC meets every 20 years to review and reallocate international spectrum use.

Through the **Interdepartmental Radio Advisory Committee** (IRAC), chaired by NTIA, approximately 65,000 Federal Government frequency assignments were made in FY 1980. Additionally, some 17 Federal agencies requested frequency spectrum assignments for approximately 86 telecommunications systems to satisfy future communications needs. NTIA performs a technical engineering analysis for each request as to the systems'

compliance with national and international rules and their compatibility with other telecommunications in the environment. Several major information system procurement plans also received NTIA analysis to improve cost effectiveness and policy compliance.

Work also progressed in the telecommunications protection area, with the development of alternative strategies for the protection of telecommunications systems, development of technical standards, and performance of vulnerability surveys of selected Government activities.

NTIA's **Office of Telecommunications Applications** administers the Public Telecommunications Facilities Program which awarded planning and construction grants totaling \$23.7 million during FY 1980 to 186 public telecommunications entities, with special emphasis on operations managed by women and minorities.

An additional \$1.18 million in grants went to four groups for the development of satellite communications systems for public service applications.

NTIA's **Institute for Telecommunication Sciences** (ITS) in Boulder, Colo., serves as the research and development arm of the Agency, pursuing such topics as signal coverage and interference to radio stations using various types of antennas, terrain factors, and station characteristics. The feasibility of narrower spacing between AM stations is being studied to determine the possibility of adding several hundred new stations to the marketplace nationwide, and special experimental measurements are being conducted to support development of advanced communications systems in uncrowded portions of the spectrum. ITS is measuring the effects on electronic and electromagnetic equipment when

exposed to expected radiation from the proposed Department of Energy Solar Power Satellite, and assessing its environmental impact on communication, safety, and service systems.

ITS also provides assistance to State governments in planning their telecommunications systems to save both money and spectrum through sharing of systems. This will be expanded on a regional basis to consolidate resources for joint use of facilities by local, State and Federal government.

NTIA's **Office of International Affairs** conducted a comprehensive study of the corporate structure of Comsat and made its recommendations for modifications to the FCC. This office was also active in the planning of telecommunications facilities in the North Atlantic region, participating in three working groups considering the appropriate mixes of satellite and undersea cables. The agency monitors important international communications forums and represents the United States along with other agencies in UNESCO and the International Telecommunications Union. It also participates in U.S. trade delegations attempting to open overseas telecommunications markets to U.S. manufacturers.

United States Travel Service

International tourism to the United States is expected to set new records in 1980 in visitor arrivals and receipts. This should reduce the Nation's travel deficit by year's end.

The United States Travel Service (USTS) is the national Government tourism office. Its primary objectives are to increase U.S. international tourism receipts and visitor arrivals. As directed by the International Travel Act of

1961, USTS develops, plans, and carries out "a comprehensive program designed to stimulate and encourage travel to the United States by residents of foreign countries for the purpose of study, culture, recreation, business, and other activities as a means of promoting friendly understanding and good will among people of foreign countries and of the United States."

The Assistant Secretary for Tourism administers the Department's tourism program, has overall responsibility for the policies and activities of the United States Travel Service, and serves as the chief advisor to the Secretary on international tourism policy.

USTS promotes travel to the United States from abroad through research, a comprehensive international tourism marketing program tailored to each market, technical assistance to State and local governments, and encouragement of tourism services.

In addition to the headquarters office in Washington, D.C., USTS maintains six foreign offices located in Toronto, Mexico City, Tokyo, London, Frankfurt, and Paris. Each office administers a regional program which encompasses marketing operations in its host country and in selected markets of high potential.

Travel development activities in countries where USTS has no direct representation are carried out by U.S. Foreign Service commercial officers in cooperation with representatives of the U.S. travel industry residing in the country, under the supervision of USTS Regional Directors.

Major components of the Washington office are the **Office of Marketing and Field Operations** and **Office of Management and Administration**.

Financial and manpower

resources are concentrated on those markets and programs with the potential for the greatest return on the taxpayers' investment.

Three principal strategies are employed:

- Providing technical assistance to top-producing tour operators and travel wholesalers in the international market;
- Increasing the product knowledge and sales effectiveness of foreign retail travel agents and travel information counselors who deal with the overseas traveling public, and
- Motivating foreign consumers to select the United States as a travel destination.

Under international agreements, international tourism data are collected on a calendar year basis. An estimated 21 million international visitor arrivals will be recorded in the United States this year, 8 percent more than in 1979.

By year's end, these foreign visitors will have spent an estimated \$12 billion, 20 percent more than last year and a sizeable contribution to the Nation's economy. This will bring the U.S. travel dollar deficit down approximately 30 percent to \$1.7 billion.

Tangible Results

Working with State, regional, and city tourism offices and the travel industry, USTS has brought the United States to where it is beginning to earn large dividends from international travel.

Some USTS projects produce dramatic results. The London office contributed importantly to the development of the British tour operator Intasun's Miami Beach/Bahamas tour program which brought 70,000 British vacationers to Florida in the summer of 1980 and during the off season. The result was tourism earnings of \$30 to \$40 million for the United States.

Also in this fiscal year, USTS organized the first annual Congress for the Association of German Travel Agents to be held outside Europe. The site was Washington, D.C., where some 600 German travel agents and 360 other association members assembled. Seventy percent of the travel agents also took part in 15 post-convention tours to more than 30 U.S. destinations.

Revenues for U.S. vacation sales subsequently generated by the German travel agents exceeded \$1 million this year, and the advertising value of articles appearing in German travel and consumer media from the tours is estimated at \$900,000.

One of the most visible and important of the marketing programs in FY 1980 was the foreign media coverage of U.S. tourism attractions and events. Informational material was provided by State, city, and private tourism interests in the United States and placed in foreign media by USTS offices abroad. This editorial coverage would have cost more than \$67 million if purchased as advertising space, and its impact was considered significant in motivating potential visitors to select the United States as a destination.

Helping Visitors

A uniformed corps of multilingual receptionists was deployed at 14 U.S. gateway airports in 1980 to provide interpreter service to arriving international tourists requiring assistance with U.S. entry formalities.

International gateways which offered this service included: New York City (John F. Kennedy International), Seattle, San Juan, Philadelphia, Miami, Boston, Chicago, Los Angeles, San Francisco, Honolulu, Bangor,

(Me.), Atlanta, Dallas/Ft. Worth, and Houston.

Reducing Barriers

During the year, the Tourism Working Group of the U.S.-Mexico Consultative Mechanism met to consider plans for implementing the bilateral tourism agreement signed by the two countries in 1978. The group is co-chaired by the Assistant Secretary for Tourism and the Mexican Secretary of Tourism. In addition to cooperative activities in the fields of statistics and simplifying the entry of visitors into either country, the two sides reached agreement on projects involving the transfer of tourism technology through training, possibilities for joint tourism promotion in third coun-

tries, and border tourism promotion.

In May, a group of tourism educators from U.S. institutions of higher learning selected by USTS visited Mexico as part of the U.S.-Mexico tourism agreement. The meeting was designed to help Mexican tourism authorities develop tourism education/training programs to fulfill the requirements of this rapidly growing industry of Mexico.

USTS assisted the State Department in representing the United States at the 13th Executive Council of the World Tourism Organization (WTO), and participated in planning for the World Tourism Conference in Manila. The conference was attended by representatives of nearly 100 countries.

Research Reports

USTS issued a report entitled *Mexican Border Crossing Survey: Principal Findings*. It provides new and useful information regarding the demographics, destinations, motivations, activities, and trip characteristics of Mexicans crossing into the U.S. border zone.

USTS also issued a report entitled *1979 Vacation Travel by Canadians in the United States*. This was the eighth consecutive annual survey jointly sponsored by USTS and the Canadian Government Office of Tourism. The report's many important findings include an analysis of the fuel shortage impact on Canadians' perceptions of travel costs in the United States, actual travel incidence, and changes in destinations visited and modes of transportation.

Other major USTS research reports included:

- *Foreign Tourist Arrivals by Selected States and Ports*. This report, which provides data on foreign arrivals entering the United States at 67 individual ports-of-entry and 18 U.S. States/territories, was sent to nearly 600 city, State, and regional tourism officials in the United States. To be issued semiannually, this publication has been very well received by the travel industry, since it provides much more comprehensive and useful data concerning foreign travel to individual cities and States than was previously available.

- *The International Travel Market of France, A Summary Report of a 1979 Study*. This report highlights findings of a USTS-commissioned survey of over 2,000 French respondents concerning travel patterns, plans, and interests. The study indicates a very large and strong market for U.S. tourism based on favorable images of the

U.S. International Tourism Receipts,

(millions of dollars)

year	current dollars	% chg.	constant dollars ¹	% chg.	implicit price deflator
1960	\$ 1025	\$ 1507	68.0
1961	1057	3.1	1529	1.4	69.1
1962	1070	1.2	1519	-0.6	70.4
1963	1133	5.9	1580	4.0	71.7
1964	1357	19.8	1864	17.9	72.8
1965	1545	13.9	2079	11.5	74.3
1966	1785	15.5	2333	12.2	76.5
1967	1881	5.4	2387	2.3	78.8
1968	2035	8.2	2481	3.9	82.0
1969	2361	16.0	2742	10.5	86.1
1970	2708	14.7	2992	9.1	90.5
1971	2959	9.3	3088	3.2	95.9
1972	3311	11.9	3311	7.2	100.0
1973	4130	24.7	3944	19.1	104.7
1974	4845	17.3	4264	8.1	113.6
1975	5464	12.8	4430	3.8	123.2
1976	6679	22.2	5075	14.5	131.6
1977	7175	7.4	5088	0.2	141.0
1978	8424	17.4	5568	9.4	151.3
1979	10012	18.9	6124	10.4	163.5 (p)
1980	12000 (p)	20.0	n.a.	n.a.	n.a.
Aggregate Change (1960-80)		1,070.7		n.a.	

¹ Constant (1972) Dollars. Figures are based on implicit price deflators for personal consumption expenditures (services).

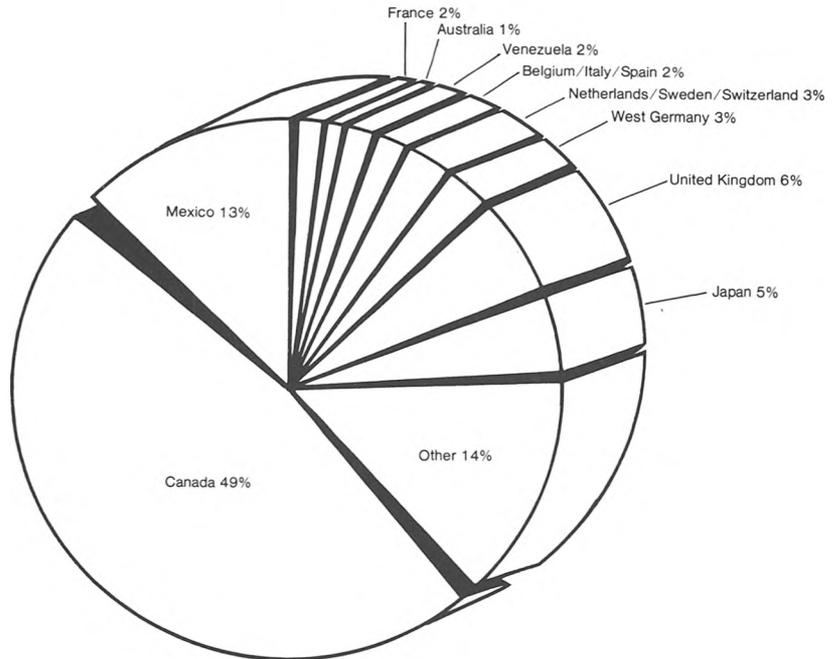
Source: Department of Commerce (United States Travel Service and Bureau of Economic Analysis).

(p) Preliminary.

United States as a vacation destination, and on positive plans for visiting this country in the near future.

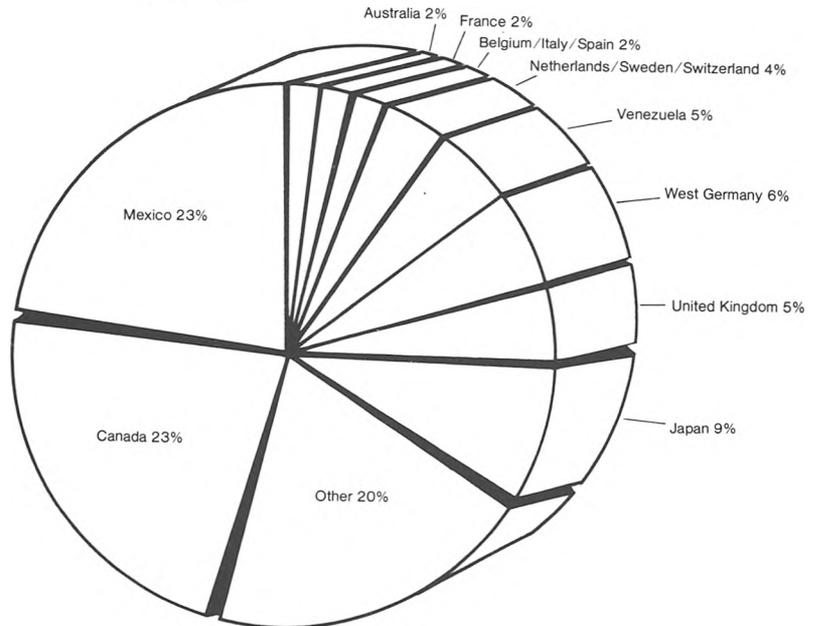
• *The British Travel Market, A Summary Report.* Findings of a three-phase study of the British travel market to the United States are highlighted in this report. This research was commissioned by USTS to provide up-to-date information and marketing advice about the rapidly expanding and changing market for tourism to the United States from the United Kingdom.

PROJECTIONS
Total Foreign Visitor Arrivals in the United States, 1980—21.6 Million



USTS 6 MAJOR MARKET SHARE: 78%

Total International Tourism Receipts in the United States, 1980—
\$10 Billion +
\$ 2 Billion for Transportation
= \$12 Billion



USTS 6 MAJOR MARKET SHARE: 67%

Chapter Four

ADMINISTRATIVE UNITS

Office of Congressional Affairs

The Office of Congressional Affairs (OCA) has responsibility for shepherding the Department's legislation through Congress, and serves the Secretary in all matters relating to the Congress. It advocates the Department's policies, programs, and legislation to the Congress, and assures that the Administration's goals and the Secretary's interests are effectively presented. It coordinates and oversees Departmental Congressional Affairs programs, gives related guidance to Departmental and unit officials and serves as the primary point of contact with the Congress.

During the 96th Congress, OCA achieved a number of vital Departmental legislative objectives. Most significant was the enactment of P.L. 96-39, making the Department of Commerce the lead agency in initiating and coordinating the Nation's trade policies and programs. OCA also guided through Congress P.L. 96-275, Shippers' Export Declaration (SEDS), legislation designed to protect the confidentiality of exporter information. Legislation (S. 2718 and H.R. 7320) to encourage business to create Export Trading Companies made rapid and promising progress in 1980.

Legislation providing for orderly development of Deep Seabed Mining was enacted into law (P.L. 96-283). As the fiscal year ended, OCA was working to further the progress of numerous other bills affecting the Department in both the Senate and House. These include legislation stimulating fisheries development and aquaculture; permitting sellers and manufacturers to form risk retention groups for the purpose of product liability insurance; consolidating Federal patent policy

affecting Government contractors; creating technology centers across the country to make early and effective use of scientific and research findings; establishing a national tourism policy; providing appropriations and authorizations for various Departmental programs; augmenting trade adjustment assistance; authorizing marine sanctuaries; revitalizing U.S. Maritime policy, and implementing regulatory reforms. Still other departmental bills, dealing with such matters as revisions of communications law, privacy statutes, coastal zone management, weather modification, and minority business, were under consideration by Congress.

Office of Inspector General

The Office of Inspector General (OIG), the Department's audit and investigative organization, continued its audit and investigative activities relating to Departmental programs and operations during FY 1980.

A Fraud and Abuse Control Task Force, consisting of auditors and investigators, initiated systematic reviews to prevent and detect fraud and abuse within Departmental programs. As a result, several in depth audit/investigations are being performed of contractors and grantees who have received millions of dollars in Department funding.

The OIG is assisting the Department's top management develop and implement new programs and improve ongoing activities to assure that there are adequate management systems and procedures for internal controls. This approach identifies weaknesses before they become major operating problems. For example, the OIG provided management assistance to the

Economic Development Administration (EDA) on the proposed multimillion dollar Development Financing Program (DFP). Since this program would be breaking new ground, a series of test initiatives were performed to minimize potential fraud, waste, and abuse. The OIG also provided management assistance to the International Trade Administration (ITA) during the reorganization of trade activities. Comments have been provided to ITA officials concerning proposed regulations, and the OIG staff will work jointly with ITA in completing this reorganization project.

In FY 1980, the OIG issued 28 internal audit reports and 3,920 external audit reports, including those prepared by independent public accountants, State, local and other Federal auditors. Audit efforts resulted in \$5.9 million of estimated savings and approximately \$4 million in cost avoidance of deferrals, excluding the Local Public Works (LPW) program savings. In addition, many made recommendations for improvements for which savings are not readily determined.

Major activities included continuing reviews into the planning and preparatory work for the 1980 Decennial Census, which cost more than \$1 billion. The audit effort focused primarily on matters relating to Census' acquisition of office space and evaluating data security procedures and follow-up on previous audit recommendations for safeguarding the employee payroll system. Audits of the Lake Placid Olympic Games continued in order to protect the U.S. investment of \$68 million, ensure the safety of the families, determine the allowability of costs claimed, and ensure that the Congressional mandate to convert Olympic facilities to public use is carried

out. The LPW Program has resulted in about \$2.1 million in savings to date and \$5.1 million in costs questioned and sustained by EDA officials in interim audits. A portion of the \$5.1 million savings will be reduced by overruns upon final audits.

The President's decision to restrict the export of agricultural commodities to the Soviet Union led OIG to review the International Trade Administration's policies and procedures for issuing and controlling validated export licenses, and resulted in recommendations for improving licensing controls. In response to Presidential and Congressional concerns, OIG auditors have participated in an interagency task force audit of the acquisition, utilization, and disposal of furniture and equipment by the Federal Government.

The Department's hotline communication system has proven to be a major source of audit/investigative leads. During FY 1980, the amount of audit/investigative effort expended on hotline complaints increased significantly, and it is anticipated that this trend will continue.

The OIG completed 263 cases which resulted in 19 referrals to the Justice Department. Preventive investigative efforts helped Department officials identify and avoid loan actions totaling \$5.3 million which carried associated undue risks. In addition to the substantial effort devoted to combating fraud, waste and other abuses through audits and investigations, the OIG continues to direct a large portion of its resources to the financial assistance programs in the Department, which primarily are in the Economic Development Administration and the Minority Business Development Agency. A pre-award applicant check

program was introduced to provide more information about applicants to officials making contract, grant, or loan award decisions.

Office of Administration

The Assistant Secretary for Administration is the chief administrative officer of the Department and the principal adviser to the Secretary on administrative management. The Assistant Secretary has overall responsibility for budget, program evaluation, personnel, organization and management, administrative services, financial management and accounting, automated data processing, procurement, civil rights, internal security, printing and publications, and emergency readiness. During 1980 the Office of the Assistant Secretary was organized into three groups, each under a Deputy Assistant Secretary, to improve the control and effectiveness of the organization. These are (1) **Operations**, including those offices whose function is to provide direct service or assistance to the Office of the Secretary or the other elements of the Department, (2) **Resources Management**, including the staff management functions of budget, program evaluation, personnel, finance, organization and management systems, and civil rights, and (3) **Acquisition, Grants, and Information Management**, including ADP policy and operations.

Management Survey

To meet the Department's responsibility under the National Productivity Council's mandate to collect and disseminate information on management systems and production methods that show promise of productivity improvement, as well as to improve the internal management of the Department, the Office of

Administration began a survey of the management practices of leading American businesses. The survey focused on those firms reputed to have management systems which produced both high economic returns and socially positive results. It became apparent during the course of that inquiry that the determining factor behind an enterprise's ability to meet competition, enhance technological innovation, and gain the commitment of a self-affirmative work-force was the quality of managerial leadership.

This survey, plus a keen interest on the part of the cooperating firms to discuss with Government policymakers the implications of their management practices for business/Government relations, led to a "Frontiers in Management Conference." Sponsored jointly by the Department of Commerce and the Office of Personnel Management (which has responsibility for productivity in the Federal sector), the conference included the chief executive officers of a number of major companies and top Government officials from the Executive Branch and the Congress. The discussion centered on various industry approaches to improving productivity and fostering social good, and led to identification of a number of business/Government issues needing further exploration. Among those were: improving the business/Government communication process, using the current business/Government Executive Exchange program in a more deliberate way to advance Government's relationship with and understanding of "frontier companies," and involving labor in tripartite discussion of mutual issues.

The "Frontiers in Management" effort is continuing. From the

positive interchange established by the first meeting, there is a momentum to share successful practices which can contribute to an improved American industry and a more efficient Government. The Office of Administration is seeking ways to share the "Frontier" experience and expand the conference relationships, both within and outside the Department of Commerce.

Integrated Planning

During the past year, the Commerce Department developed an Integrated Planning and Management (IPM) approach. The objectives of this effort are to establish:

- Better planning and management.
- A mutual understanding between program and administrative officials.
- Accountability and an improved method for evaluating performance.

IPM has several components in the Department. First, on November 1, 1979, the Deputy Secretary established a system through which the Office of Budget and Program Evaluation (OBPE) can monitor a number of major program and administrative objectives.

Second, the Assistant Secretary for Administration developed a list of 19 management improvement activities to be initiated during FY 1980 and 1981.

Third, IPM is seeking to improve the various administrative services, linking the planning for these services to program planning and the budget process. Efforts are underway to develop linkages in such areas as personnel, ADP, and procurement.

Finally, IPM entails "institution-building" efforts in a number of bureaus to improve and coordinate existing capabilities. Projects are

now underway or planned in the National Technical Information Service, the International Trade Administration, the Patent and Trademark Office, the National Telecommunications and Information Administration and the Minority Business Development Agency.

One other important element of the IPM process deserves mention—communications. IPM objectives and projects are not imposed by fiat from above. Rather, they are developed at the working level through consultation with the officials who will be responsible for their achievement.

Other initiatives are underway. Among the most significant is a series of management reviews to focus on recent attempts in the Department to improve management and administrative systems.

A major marketing campaign was undertaken to familiarize senior Departmental executives with the IPM approach. Briefing sessions included almost two-thirds of the Department's SES members and approximately 300 mid-level managers.

IPM is the beginning of a long-range endeavor to improve the planning and management of Commerce programs. Secretary Klutznick urged each Bureau to think carefully about what its own unique characteristics are, what comparable IPM efforts are underway, and what will work for them. The Assistant Secretary for Administration is providing assistance in outlining possible approaches, developing an internal capacity (if help is desired), and serving in an advisory capacity.

Civil Service Reform Act

One of the primary goals of the Civil Service Reform Act (CSRA) is to improve the management of the Federal workforce. A major

recurring theme reinforced by CSRA is that personnel management is truly a management function and not just an administrative thicket which prevents executives from getting things done. Civil service reform has made it clear that personnel management systems must include and be understood by managers, and such systems must respond to managers' needs and concerns. The Department of Commerce has taken advantage of this opportunity and put the intent of the law into practice. Through a participative management approach, many of the Department's executives and managers have been involved in examining the issues raised by reform, in making fundamental policy decisions about the Department's personnel management program, and in designing approaches to meet personnel management objectives. In designing its systems, the Department has relied heavily on participation by those who will be affected by the systems. The effort has included the use of a Management Advisory Group, Working Group on Civil Service Reform, and various task forces to deal with specific program areas with representation from major Commerce components. In addition, the Department's Executive Resources Board (ERB) also reviewed and approved policies governing major system changes over Senior Executive Service (SES) and merit pay employees.

The timing of CSRA coincided with the Department's efforts to initiate an Integrated Planning and Management (IPM) process and allowed Commerce to make performance appraisal an integral part of its overall management planning system. One of the major objectives of the IPM effort is to establish accountability

and provide an improved method for evaluating performance. As a result, the Department has focused a great deal of attention on implementing the performance appraisal provisions of CSRA. Excellent progress has been made through use of participative management approach and by phasing in performance appraisal systems which initially focused on high priority areas such as the Senior Executive Service.

Senior Executive Service

The phased development of performance appraisal systems began with the Senior Executive Service (SES) Performance Appraisal System which was approved by the Office of Personnel Management (OPM) in May 1979. This Departmental model served as the prototype for operating units to develop and implement their own SES performance appraisal systems, subject to Departmental review and approval. The SES performance appraisal systems were implemented on October 1, 1979, and the first appraisal cycle ended September 30, 1980.

The Department's participative management approach has continued, with the formulation of policies by working groups and comments by all Commerce components and operating units on issues and concerns. This approach extends to the Departmental Executive Resources Board which has issued policies and operating procedures covering a wide range of program areas affecting the Senior Executive Service. These include policy on ranks, bonuses, awards, staffing, classification, pay administration, employee relations, and other policy areas. Phased implementation efforts have also included an SES Information Handbook, SES Attitudinal Survey

Report, and SES briefings, newsletters, and telephone information service.

Merit Pay

In February 1980, the Office of Personnel Management (OPM) approved the Department's Merit Pay Performance Appraisal and Compensation System. This action made Commerce the first cabinet level agency to obtain approval. As with SES, the Department has made steady progress: merit pay performance appraisal plans have been approved for all operating units, and all covered employees have been identified, notified, and are being coded to the system with official conversion to take place October 1, 1981. Preparations have included 26 merit pay briefings in 22 different locations for field employees, as well as extensive pilot testing. Evaluation of the pilot tests will help to focus the final implementation training on areas in which supervisors and employees have most difficulty, and use training techniques which prove most useful. Merit pay supervisors will have guides on handling the appraisal interview—which will reinforce the coaching, counseling, and feedback training received. The first appraisal cycle for merit pay will begin in January 1981 and end in June, with official conversion in October 1981.

General Workforce

The performance appraisal system which will cover the remaining employees of the Department—those not covered by the SES system or by the merit pay system—is presently being developed by a representative task force from many of the organizations in the Department. The draft system parallels the other two performance appraisal systems by requiring a three-stage

process of performance planning, progress review, and formal appraisal. A system document is expected to be approved by OPM by the end of the 1980 calendar year. Trial runs of the system will be implemented in early 1981 along with a major training effort directed toward providing supervisors with the skills to develop performance plans, i.e., identify critical elements, and set appropriate performance standards.

Other Activities

The delegated authority provided by CSRA has allowed increased flexibility in managing executive resources. Management can make a wider range of decisions affecting individuals, and the Office of Administration can provide support for these decisions more quickly and efficiently. CSRA has also helped the office to expand the Department's affirmative action efforts through liberalization of the appointment process and tailoring of its executive development program. Major emphasis will concentrate on evaluation of CSRA implemented systems, continued monitoring, providing technical assistance, correcting deficiencies and making improvements, and in experimenting with innovative and more effective systems and practices in personnel management.

Office of the Assistant Secretary for Policy

The Assistant Secretary for Policy is the principal adviser to the Secretary and the Deputy Secretary on policy matters. The Office coordinates and assesses the recommendations of Departmental officers on policy matters and conducts longer-term policy development studies.

In 1980, the Office was reorganized to better reflect Departmental emphasis on industry policy, trade, and productivity. The reorganization created new units and altered existing ones. The Assistant Secretary now oversees the following three units: the **Office of Economic Policy**; the **Office of Industry Policy**; and the **Office of Regulatory Policy**.

Office of Economic Policy

The Office's principal areas of responsibility include: macro-economic policy; anti-inflation issues; regional development policy; domestic policy issues with major implications for multiple business sectors; international policy issues which have a broad impact on the domestic economy; and Puerto Rican economic issues. The Office also conducts policy analysis and development in the areas of employment and training, productivity, statistical policy, small and minority business development, and consumer affairs.

During 1980, the Office concentrated its efforts especially on questions of tax policy, institutional and financial aspects of industrial policy, the relation of sectoral and regional policies, productivity growth, urban economic problems, the fight against inflation, product liability, and the Puerto Rican economy. In addition, the Office continued or initiated studies of the economic impact on specific industries of selected tax reductions, consumer and business debt, small business problems, corporate merger issues, productivity measurement, and the role of Federal loan guarantees.

The Office participated in, or provided staff support for, several major Federal activities, including: the work of the Capital

Formation Task Force of the Steel Tripartite Committee; deliberation on Chrysler's request for Federal assistance; implementation of the Department's Business Outreach effort and the industry meetings program of the Council on Wage and Price Stability; implementation of the Department's proposal for a new minority business agency; and the development of new EDA legislation. Office staff also chaired the Departmental Productivity Task Force, represented the Department on the Select Commission on Immigration and Refugees, and were extensively involved in Administration efforts to develop legislation on Federal support for amateur athletics.

In addition, the Office organized workshops on growth policy, productivity, and conglomerate merger issues as part of its continuing effort to identify and explore production-oriented solutions to the Nation's economic problems.

The Office also provided staff support for the Secretary's participation in the Economic Policy Group, the National Productivity Council, the Pension Benefit Guaranty Corporation, the Advisory Commission on Intergovernmental Relations, and the Council on Wage and Price Stability.

Office of Industry Policy

The new Office of Industry Policy was established during 1980 by merging the Office of Ocean, Resource, and Scientific Policy Coordination and the Office of International Policy Coordination and by transferring certain legislative review functions from the former Bureau of Domestic Business Development. This unit, working in consultation with the Department's new Bureau of Industrial Economics (BIE) and other relevant Commerce

agencies, is responsible for assuring that industrial analyses and policy development initiatives are appropriately focused and coordinated throughout the Department. The new Office's specific duties include:

- Identifying industry or sector problems and issues that merit Departmental or Government-wide attention;
- Analyzing the policy and operational tools available to meet industrial development needs, and determining what institutional mechanisms are most appropriate in specific instances;
- Providing overall policy guidance for all industry-related programs and activities of the Department, and
- Establishing, in collaboration with senior Commerce officers and officials of the Bureau of Industrial Economics, Departmental industry policy goals and priorities.

The Office participates in analyzing business-related legislation and, as necessary, continues to analyze, develop, and coordinate policies relating to ocean affairs, marine transportation, energy, natural resources, telecommunications, and science and technology. In addition, the Office provides staff-level representation and technical support for Department participation in various international industrial policy deliberations.

The new Office played a central role during 1980 in support of efforts sponsored by the Economic Policy Group (EPG) to analyze the industrial policy concept and its applicability within the context of the American social, economic, and political system.

Throughout the Fiscal Year, the Office of Policy coordinated within the Department of Commerce and

among Federal agencies, the development of Federal Government policy for the steel industry. The effort began with the formation of a Task Force to coordinate all Commerce Department activities with respect to the steel industry. The prominence of the Commerce Department in steel policy was a result of assuming responsibility for enforcement of the multilateral trade negotiations (MTN) legislation (including administration of the Trigger Price Mechanism for steel imports) and the initiatives of Secretary Klutznick as Co-Chairman of the Steel Tripartite Advisory Committee (STAC). The Office of Policy became the principal source of policy analyses to support the Secretary's role as Co-Chairman of STAC.

The Department of Commerce, in a concerted effort with the U.S. Trade Representative, resolved a major trade dispute which resulted from the antidumping petitions filed by the U.S. Steel Corporation. The Departments of Commerce and Labor prepared a report to the President, which presented the STAC recommendations for Federal policy initiatives in five areas: modernization and capital formation; international trade; environmental protection; technological research and development; and community and labor adjustment assistance. The Department of Commerce played a lead role in incorporating the recommendations of the STAC report into the comprehensive Steel Industry Program announced by the Administration on September 30, 1980.

The **Office of Industry Policy** also coordinated efforts to analyze possible policy responses to semiconductor industry problems relating to trade and capital formation. The Office worked closely with the **Office of Business Liaison** to assure that industry

concerns regarding the implementation of incremental natural gas pricing under the Natural Gas Policy Act of 1978 were fully considered in the Government policy process. Analytic support was also provided for a meeting arranged by the Business Liaison Office between aluminum industry officials and the Secretary of Commerce.

The **Office of Industry Policy** was assigned responsibility for U.S. participation in the activities of the Organization for Economic Cooperation and Development (OECD) Industry Committee; prepared a major paper on U.S. structural adjustment which was presented to both the OECD Economic Policy Committee and to the 41st Session of the Industry Committee; represented the United States at technical subcommittee meetings of the OECD Steel Committee; and organized Departmental participation in the International Labor Organization (ILO). The Office also coordinated issues relating to seabed mining and ocean thermal energy conversion (OTEC) and provided staff support to the U.S. Delegation to the Law of the Sea Conference. The Office continued to coordinate Commerce involvement in the Interagency Committee on Refugee Affairs.

Special studies will be conducted during FY 1981 on U.S.-Japanese competition in the semiconductor industry; on the role of Government-owned enterprises in the economies of selected Western industrialized nations; and on the policies of foreign industrialized nations with respect to non-fuel minerals and the telecommunications and information processing industries.

Office of Regulatory Policy

The Office of Regulatory Policy coordinates, reviews, and analyzes

regulations; manages the Department's implementation of Executive Orders and other Executive Branch and legislative requirements regarding regulatory and environmental matters; and develops Department initiatives for regulatory improvement. The Office provides staff support for the Commerce Regulatory Council.

In 1980, the Office completed a pilot project on the feasibility of a regulatory budget (publication of a volume, *Toward a Regulatory Budget*, is forthcoming). The Office also completed an analysis of the hidden information burdens of regulation and a survey of the interaction between Federal, State, and local regulations. Both are being prepared for publication.

The Office conducted a seminar on the long-term economic implications of regulations. Its **Environmental and Technical Evaluation Division**, as the former Office of Environmental Affairs, conducted two major conferences in 1980: The First International Conference on Urban-Industrial Development through Resource Recovery, and a Conference on Early Corporate Environmental Assessment.

The Office prepared an inventory of Department of Commerce regulations—the first complete inventory by an Executive agency. The Office also prepared the Department's semiannual agenda of regulations, reports to the Office of Management and Budget on Implementation of Executive Order 12044, and the Department's information collection budget; supported activities of and made innovative recommendations for regulatory improvements to the U.S. Regulatory Council, Regulatory Analysis Review Group, and Office of Management and Budget; and conducted and coordinated analyses of the costs, benefits, and

economic impacts of particular regulations.

The Office participated in numerous domestic and international environmental and regulatory activities and represented the Department in organizations such as the Organization for Economic Cooperation and Development (OECD), the Interagency Regulatory Liaison Group, and the Committee for International Environmental Affairs.

Associate Deputy Secretary

The Associate Deputy Secretary (ADS) is charged with ensuring that Commerce has clear, widely understood goals and programs; well-coordinated public services; and open communications with business, consumers, and State and local governments.

These objectives are met through the activities of the 10 Secretarial Representatives (SecReps), who are Commerce's field contacts, and several offices in Commerce's Washington headquarters that ADS directs or administers: **Business Liaison (OBL)**; **Consumer Affairs (COA)**; **Government Liaison (OGL)**; **Program Coordination (OPC)**; and **Small and Disadvantaged Business Utilization (OSDBU)**.

Outreach is a vital part of managing and delivering departmental resources. The general ADS office outreach process consists of evaluating constituent needs, interacting with constituents to develop appropriate departmental responses to those needs, and managing service delivery to satisfy both Commerce goals and constituent needs.

The Secretarial Representative function is a key expression of this concern for coordinated service

delivery. The SecReps give the Secretary a balanced picture of the 10 Federal regions, helping to promote and implement all Commerce programs and Secretarial priorities. They represent the Secretary and the Department and also advise the Secretary on regional issues and events affecting Commerce.

In general, the Secretarial Representatives have worked with representatives of business, labor, public and private interest groups, State and local governments and the general public to provide a better understanding of Departmental initiatives in promoting foreign trade and improving U.S. industrial productivity, technology and innovation.

FY 80 was a year of growth for the ADS office. Most of the Secretary's outreach units were concentrated in the ADS office. Their activities have been reoriented on departmental missions in general and on three Secretarial priorities in particular: foreign trade; industrial innovation and productivity; and delivering Commerce services. ADS offices provide wide-ranging outreach support for these priorities.

The **Office of Business Liaison (OBL)** was created in early 1980 to serve as a business community ombudsman to inform senior DOC officials about business concerns and make certain that business views are incorporated into Departmental decisions.

The **Consumer Affairs Office (CAO)** assures that consumer views are represented in DOC policy and program development; advises business on how to respond to consumer needs; provides information to business and consumers on DOC's consumer-related services; and is the contact for consumer inquiries and complaints.

The **Office for Government Liaison (OGL)** serves as the Department's liaison to all levels of governmental units and organizations, as well as individual governors and mayors. It represents Commerce within the Federal Government on urban matters, and also provides coordination and assistance to the Federal Cochairpersons of the Regional Commissions.

The OGL Director also serves as Special Assistant to the Secretary for Regional Development and directs the **Office of Regional Development (ORD)** which carries out the Secretary's responsibilities in that area.

The **Office of Program Coordination (OPC)** provides internal liaison to improve communication among Commerce's agencies. It seeks to reduce fragmentation among Commerce programs by integrating and promoting packages of joint agency services on issues involving two or more agencies, and by encouraging the flow of information about Commerce services throughout departmental agencies. OPC also provides support services for the Secretarial Representatives.

Office of the General Counsel

The General Counsel is the chief legal adviser to the Secretary of Commerce and the Department and, as such, is responsible for legal advice and guidance on all matters involving the agencies and programs of the Department except for those involved in the issuance of patents or the registration of trademarks. The office supervises the development of the Department's legislative program, the activities of the Assistant General

Counsel, and the legal offices in the Department's operating units.

The General Counsel provides legal guidance in a broad range of areas including department-wide activities such as procurement, personnel, budget and appropriations, and internal organizations; trade matters such as the interpretation and application of the General Agreement on Tariffs and Trade, the implementation of the agreements under the Multilateral Trade Negotiations, the interpretation and application of the Export Administration Act of 1979, the enforcement of the antiboycott laws, tax, antitrust, commercial and procedural issues affecting international commerce, and the implementation of the antidumping and countervailing duty laws; and productivity, technology and innovation matters such as the transfer of technology, the development of product standards and consumer safety.

The Office of the General Counsel occasionally undertakes special projects. Most recently it has directed projects on corporate social performance and product liability.

Significant activities in which the Office of the General Counsel has been substantially involved this past year include: the imposition of controls on the export of grain and high technology to the Soviet Union and the boycott of the Moscow Olympics in response to the invasion of Afghanistan; the U.S. trade exhibition in the People's Republic of China; the antidumping investigation of European steel products; the controversy surrounding the importation of Japanese televisions; litigation relating to the

1980 Decennial Census; the development of procedures for implementing an OMB Circular on federal participation in the development and utilization of voluntary standards; and the development of procedures governing the establishment of Cooperative Generic Technology Centers.

Major accomplishments of the Office of the General Counsel over this past year have included the following:

- Settlement of Japanese Anti-dumping Case. A projected \$138 million dumping duty liability for entries of Japanese television sets was settled for approximately \$66 million. The Commerce Department had inherited this apparently intractable case from the Treasury Department as a result of the President's trade reorganization.
- Uniform Product Liability Act. The Department's Task Force on Product Liability and Accident Compensation drafted the Uniform Product Liability Act (UPLA), a comprehensive law that is recommended for adoption by the states. Portions of the UPLA have been adopted in Connecticut and Idaho, and the act is currently pending before the legislatures of nine states. Overall, adoption of the UPLA has received a surprising amount of support from insurers and product sellers.
- Corporate Social Performance. The Task Force on Corporate Social Performance, which is chaired by the General Counsel, recently completed a publication entitled *Business and Society; Strategies for the '80s*, a study on corporate

techniques for applying social performance questions to everyday corporate management.

Office of Public Affairs

The Office of Public Affairs is primarily responsible for transmitting to the public the information generated by the Department that advances U.S. economic and technological development. It handles public affairs issues that relate to the Secretary, and plans, develops and coordinates the overall public information program of the Department. It serves as the primary liaison with other Government agencies on public affairs matters.

Under a Director of Public Affairs, it carries out these responsibilities through a policy review of all proposed Departmental publications; briefings of the Secretary and other senior officials prior to their public appearances; news releases, news conferences, and other direct assistance to the information media; preparation and distribution of radio or television broadcasts, audiovisual materials and exhibits.

The Office is assisted in its coordinating role by a Public Affairs Council, headed by the Director of Public Affairs and consisting of the heads of the public information units in each of the Department's operating agencies. To promote Department-wide understanding and cooperation at all levels, the Office publishes a monthly employee newsletter. It also is responsible for the preparation of the Department's Annual Report. An Information Center conducted by the Office handles requests and referrals from the general public, the White House, Congress, and

other Federal departments and agencies.

The principal news events handled by the Office of Public Affairs in FY 1980 were policy statements by the Secretary of Commerce in 142 speeches and public statements both in the United States and abroad; 21 news conferences and numerous media interviews and appearances before Congressional Committees.

The News Room issued 1,089

press releases and produced 300 issues of the Commerce News Digest, averaging 23 pages per issue. It responded to more than 17,000 inquiries from the public and the press, and fulfilled over 2,500 media requests for Department publications. In addition, it distributed about 500 periodic releases and processed 250 speech texts and statements. The Editorial Review Staff edited and reviewed approximately 4,000

departmental publications issued to the public.

The Broadcast Division taped and transmitted 341 daily economic and hard news reports, produced 13 public service spots, for which 1,212 copies were duplicated for distribution to radio stations, produced 52 weekend features ("A Growing Nation"), and twelve 15-minute monthly features ("The Sea and the Air").

Chapter Five

TABLES

Secretaries of Commerce

(through September 30, 1980)

Philip M. Klutznick Jan. 9, 1980-	Frederick H. Mueller Aug. 10, 1959-Jan. 19, 1961	William F. Whiting Aug. 22, 1928-Mar. 4, 1929
Juanita M. Kreps Jan. 23, 1977-Oct. 31, 1979	Lewis L. Strauss* Nov. 13, 1958-June 30, 1959	Herbert C. Hoover Mar. 5, 1921-Aug. 21, 1928
Elliot L. Richardson Feb. 2, 1976-Jan. 20, 1977	Sinclair Weeks Jan. 21, 1953-Nov. 10, 1958	Joshua W. Alexander Dec. 16, 1919-Mar. 4, 1921
Rogers C.B. Morton May 1, 1975-Feb. 2, 1976	Charles Sawyer May 6, 1948-Jan. 20, 1953	William C. Redfield Mar. 5, 1913-Oct. 31, 1919
Frederick B. Dent Feb. 2, 1973-Mar. 26, 1975	W. Averell Harriman Oct. 7, 1946-Apr. 22, 1948	Secretaries of Commerce and Labor
Peter G. Peterson Feb. 29, 1972-Feb. 1, 1973	Henry A. Wallace Mar. 2, 1945-Sept. 20, 1946	Charles Nagel Mar. 6, 1909-Mar. 4, 1913
Maurice H. Stans Jan. 21, 1969-Feb. 15, 1972	Jesse H. Jones Sept. 19, 1940-Mar. 1, 1945	Oscar S. Straus Dec. 17, 1906-Mar. 5, 1909
C. R. Smith Mar. 6, 1968-Jan. 19, 1969	Harry L. Hopkins Dec. 24, 1938-Sept. 18, 1940	Victor H. Metcalf July 1, 1904-Dec. 16, 1906
Alexander B. Trowbridge June 14, 1967-Mar. 1, 1968	Daniel C. Roper Mar. 4, 1933-Dec. 23, 1938	George B. Cortelyou Feb. 18, 1903-June 30, 1904
John T. Connor Jan. 18, 1965-Jan. 31, 1967	Roy D. Chapin Aug. 8, 1932-Mar. 3, 1933	
Luther H. Hodges Jan. 21, 1961-Jan. 15, 1965	Robert P. Lamont Mar. 5, 1929-Aug. 7, 1932	*Interim appointee

KEY DEPARTMENT OFFICIALS (As of September 30, 1980)

Secretary of Commerce	Philip M. Klutznick
Counsellor to the Secretary	Theodore H. Schell
Deputy Secretary of Commerce	Luther H. Hodges, Jr.
Special Assistant	Ann Howard
Special Assistant	Deborah Hill
Special Assistant	Louis Phillips
Inspector General	Mary P. Bass
Assistant Inspector General for Audits	Frederic A. Heim
Assistant Inspector General for Investigations	John V. Graziano
Associate Deputy Secretary	J. Wade (Acting)
Assistant Secretary for Policy	Jerry J. Jasinowski
Deputy Assistant Secretary for Economic Policy	Lucy A. Falcone
Deputy Assistant Secretary for Industry Policy	Frederick T. Knickerbocker
Deputy Assistant Secretary for Regulatory Policy	Robert T. Miki (Acting)
Assistant Secretary for Congressional Affairs	Andrew E. Manatos
Director, Office of Public Affairs	M. A. Hartwig
Deputy Director, Office of Public Affairs	Paul Bernish
Assistant Secretary for Administration	Elsa A. Porter
Deputy Assistant Secretary for Resource Management	Clifford J. Parker

KEY DEPARTMENT OFFICIALS (As of September 30, 1980)

TABLE 2 (cont.)

Director, Office of Budget	Nancy Richards
Director, Office of Civil Rights	Calvin Brooks
Director, Office of Financial Management	Leonard Sweeney
Director, Office of Organization and Management Systems	Hugh L. Brennan
Director, Office of Personnel	Frank Di Costanzo
Director, Office of Program Evaluation	Lucille Reifman
Deputy Assistant Secretary for Acquisitions, Grants, and Information Management	David S. Nathan
Director, Office of Acquisition and Grants	Robert Wright
Director, Office of Information Management	Christos Kyriazi
Deputy Assistant Secretary for Operations	David Farber (Acting)
Director, Office of Administrative Services	Tony Staderker
Director, Office of Budget Operations	James K. Blubaugh
Director, Office of Financial Operations	Clyde E. Ahrnsbrak
Director, Office of Intelligence Liaison	Robert Starling
Director, Office of Investigations and Security	William H. Randolph
Director, Office of Personnel Operations	Jo Ann Sondey-Hersh
Director, Office of Publications	John R. Morrison (Acting)
General Counsel	Homer E. Moyer, Jr.
Deputy General Counsel	Frances M. Green
Chief Economist	Courtenay M. Slater
Deputy Chief Economist	William A. Cox
Director, Bureau of Census	Vincent P. Barabba
Deputy Director, Bureau of Census	Daniel B. Levine
Associate Director for Demographic Fields	George E. Hall
Associate Director for Economic Fields	Shirley Kallek
Director, Bureau of Economic Analysis	George Jaszi
Director, Office of Federal Statistical Policy Standards	Joseph W. Duncan
Director, Bureau of Industrial Economics	Beatrice N. Vaccara
Deputy Director, Bureau of Industrial Economics	Kenneth M. Brown
Assistant Secretary for Economic Development	Robert T. Hall
Deputy Assistant Secretary for Economic Development	Harold W. Williams
Deputy Assistant Secretary for Economic Development Policy and Planning	Victor A. Hausner
Deputy Assistant Secretary for Economic Development Operations	George T. Karras
Deputy Assistant Secretary for Economic Development Finance	Earl F. Hord
Federal Cochairman of the Regional Action Planning Commissions:	
Coastal Plains Regional Commission	Claud Anderson
Four Corners Regional Commission	Gary Blakeley
New England Regional Commission	Joseph J. Grandmaison
Ozarks Regional Commission	Patsy A. Danner
Upper Great Lakes Regional Commission	William R. Bechtel
Old West Regional Commission	George D. McCarthy
Southwest Regional Commission	Cristobal P. Aldrete
Pacific Northwest Regional Commission	Patrick J. Vaughan
Under Secretary for International Trade	Robert E. Herzstein
Deputy Under Secretary for International Trade	Donald A. Furtado

KEY DEPARTMENT OFFICIALS (As of September 30, 1980)

TABLE 2 (cont.)

Assistant Secretary for International Economic Policy	Abraham Katz
Assistant Secretary for Trade Administration	(Vacant)
Assistant Secretary for Trade Development	Herta L. Seidman
Assistant Secretary for Tourism	Jeanne R. Westphal (Acting)
Deputy Assistant Secretary for Tourism	Lee J. Wells (Acting)
Assistant Secretary for Productivity, Technology and Innovation	Jordan T. Baruch
Deputy Assistant Secretary for Productivity, Technology and Innovation	Francis W. Wolek
Deputy Assistant Secretary for Product Standards Policy	Howard I. Forman
Director, National Bureau of Standards	Ernest Ambler
Deputy Director, National Bureau of Standards	Raymond Kammer
Director, National Measurement Laboratory	John D. Hoffman
Director, National Engineering Laboratory	John W. Lyons
Director, Institute for Computer Sciences and Technology	James H. Burrows
Director, National Technical Information Service	Melvin S. Day
Commissioner of Patents and Trademark	Sidney A. Diamond
Deputy Commissioner	Lutrelle F. Parker
Assistant Commissioner for Patents	Rene D. Tegtmeyer
Assistant Commissioner for Trademark	Margaret M. Laurance
Assistant Commissioner for Administration	Richard J. Shakman
Assistant Secretary for Communication and Information	Henry Geller
Deputy Assistant Secretary	Edward K. Zimmerman
Deputy Administrator for Operations	Stanley I. Cohn
Administrator, National Oceanic and Atmospheric Administration	Richard A. Frank
Deputy Administrator	James P. Walsh
Associate Administrator	George S. Benton
Assistant Administrator for Policy and Planning	Martin Belsky
General Counsel	Eldon V.C. Greenberg
Assistant Administrator for Coastal Zone Management	Michael P. Glazer
Assistant Administrator for Fisheries	Terry L. Leitzell
Assistant Administrator for Oceanic and Atmospheric Services	Thomas B. Owen
Assistant Administrator for Research and Development	Ferris Webster
Assistant Administrator for Satellites	David S. Johnson (Designate)
Assistant Administrator for Management and Budget	Samuel A. Lawrence
Assistant Secretary for Maritime Affairs	Samuel B. Nemirow
Deputy Assistant Secretary	Bruce A. McAllister
Assistant Administrator for Commercial Development	James A. Higgins
Assistant Administrator for Maritime Aids	Wallace T. Sansone
Assistant Administrator for Shipbuilding and Ship Operations	John J. Nachtsheim
Assistant Administrator for Policy and Administration	Russell F. Stryker
Director, Minority Business Development Agency	Daniel P. Henson, III
Deputy Director	Allan P. Stephenson

TABLE 3

DEPARTMENT OF COMMERCE SUMMARY OF EMPLOYMENT AND FINANCING—FY 1980

	<u>End-of-Year Employment</u>	<u>Budget Authority (in thousands)</u>
General Administration	1,217	\$61,466
Bureau of the Census	3,960	727,660
Economic and Statistical Analysis	625	22,168
Economic Development Administration	806	553,350
Regional Development Program	60	109,419
International Trade Administration	2,119	102,945
Minority Business Development Agency ...	252	58,950
United States Travel Service	67	7,995
National Oceanic and Atmospheric Administration	12,725	799,763
Patent and Trademark Office	2,428	104,833
National Bureau of Standards	3,104	98,249
National Technical Information Service	353	20,375
National Telecommunications and Information Administration	324	41,349
Maritime Administration	1,230	498,931
Subtotal	29,270	3,207,453
Offsetting Receipts	-124,412
Total	29,270	\$3,083,041

Capsule History of the Department of Commerce

Although the Department of Commerce, viewed formally as a Cabinet-level department, is a 20th century institution, many of its programs have a longer history, some originating in the earliest days of the Republic. The following dates are illustrative:

- 1790**—First national population count taken by forerunner of the Census Bureau.
- 1790**—First patent issued in series now handled by Patent and Trademark Office.
- 1807**—Coastal survey program established.
- 1836**—Setting of weights, measures and other physical standards begun.
- 1849**—Weather reporting and prediction become Federal responsibility.
- 1871**—Research on marine fisheries undertaken by Federal Government.
- 1903**—Department of Commerce and Labor is established.
- 1913**—Departments of Commerce and of Labor separately established.
- 1950**—Maritime Administration is formed.
- 1961**—Federal Government assistance to U.S. tourism industry assigned to Commerce.
- 1965**—Economic Development Administration is set up.
- 1969**—Program of assistance to minority-owned business begun.
- 1970**—National Oceanic and Atmospheric Administration formed.
- 1978**—National Telecommunications and Information Administration established.
- 1980**—International Trade Administration comes into being.