Numerous Faults Found In U.S. Trade Promotion

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, Sept. 28 — Activities by the Commerce Department to promote exports — a focal point of Reagan Administration efforts to redress the trade deficit — are "in a state of disorder" that has spurred more confusion than foreign sales, the General Accounting Office said.

The G.A.O., the investigative arm of Congress, said numerous problems are disrupting efforts of the International Trade Administration to make trade promotion more efficient. The trade unit was formed by the Commerce Department eight years ago.

A draft of a G.A.O. report that has not been publicly released found "poor event selection, marketing, and recruitment and a lack of accountability for either positive results or failures." The report said such faults "limited the crediblity" of the trade administration.

Unusually Critical Report

The unusually critical study details a situation that is likely to rate high on the list of concerns of the incoming Administration, which is certain to face not only high trade deficits next year but a need to make trade-related units of the bureaucracy more responsive.

One of the greatest sources of confusion, the study asserts, is that more than half of all scheduled trade shows promoted by the department do not take place. A 1986 review of events in four Asian countries showed a cancellation rate of 67 percent. Typically, 150 to 200 sponsored events are conducted each year.

The report also found that foreign competitors had found their way into the department's data base of computerized market tips intended for American companies. In several cases the agency was embarrassed by disclosure that Japanese and Swedish companies had responded to leads that were meant for American companies.

The study was commissioned by the House Government Operations Committee's Subcommittee on Commerce, Consumer and Monetary Affairs. Its chairman, Doug Barnard Jr., Democrat of Georgia, expressed dismay that Commerce trade events "seem to be doing precious little" to improve the trade deficit.

Desiree Tucker, the agency's public affairs director, said some of the G.A.O. criticism was justified. She said some corrective action had been taken, including the streamlining of management systems.

About the high cancellation rate for trade promotion events, she noted that the activities have a "tentative" two-year planning cycle that must remain flexibile.

"Things are all based on a changing market environment," she said.

In preparing the report, G.A.O. investigators visited 20 overseas posts of the United States and Foreign Commercial Service.

Several posts complained that they had been forced to support trade missions unrelated to the best market prospects of the countries in which they were situated. A general review of export promotion activities in four Latin American countries found that 40 percent of the trade events proposed for those countries involved sectors that were not listed as good prospects in the country marketing plan submitted by the respective foreign commercial posts.

G.A.O. says U.S. efforts have spurred more confusion than foreign sales.

Management System Cited

The report also found that a $40 million computerized Commercial Information Management System to speed delivery of global commercial data to American companies has yet to resolve "many technical, management and resource problems."

"Overseas staff told us," the report said, "that they had very limited knowledge of why the Commercial Information Management System was created, when it would be implemented overseas, how it would work, and what benefits were expected."

"This information void," it added, "generated skepticism and uncertainty."

The study was commissioned by the House Government Operations Committee's Subcommittee on Commerce, Consumer and Monetary Affairs. Its chairman, Doug Barnard Jr., Democrat of Georgia, expressed dismay that Commerce trade events "seem to be doing precious little" to improve the trade deficit.

said, that they had very limited knowledge of why the Commercial Information Management System was created, when it would be implemented overseas, how it would work, and what benefits were expected."

"This information void," it added, "generated skepticism and uncertainty."