# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

July 22, 2013

## S. 718
## Increasing American Jobs Through Greater Exports to Africa Act of 2013

*As ordered reported by the Senate Committee on Foreign Relations on June 25, 2013*

## SUMMARY

S. 718 would expand federal programs and initiatives to promote exports to Africa. CBO estimates that implementing the bill would have discretionary costs of $15 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 718 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 718 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 370 (commerce and housing credit).

| | By Fiscal Year, in Millions of Dollars | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2014-2018 |
| **CHANGES IN SPENDING SUBJECT TO APPROPRIATION** | | | | | | |
| Trade Financing Agencies | | | | | | |
| Estimated Authorization Level | 2 | 2 | 3 | 3 | 3 | 13 |
| Estimated Outlays | 2 | 2 | 2 | 2 | 3 | 11 |
| International Trade Administration | | | | | | |
| Estimated Authorization Level | 1 | * | * | * | * | 2 |
| Estimated Outlays | 1 | * | * | * | * | 2 |
| Trade Promotion Strategy | | | | | | |
| Estimated Authorization Level | * | * | * | * | * | 2 |
| Estimated Outlays | * | * | * | * | * | 2 |
| Total Changes | | | | | | |
| Estimated Authorization Level | 3 | 3 | 4 | 4 | 4 | 17 |
| Estimated Outlays | 3 | 3 | 3 | 3 | 4 | 15 |

Notes: Components may not sum to totals because of rounding.

* = less than $500,000.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 718 will be enacted early in fiscal year 2014, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs.

### Trade Financing Agencies

Section 7 of the bill would require the Export-Import Bank of the United States (Ex-Im) and the Overseas Private Investment Corporation (OPIC) to increase their staffing levels to promote trade and investment in Africa. Based on information from those agencies, CBO estimates that Ex-Im would hire three additional employees to serve overseas at an annual cost of about $350,000 per person and two additional employees to serve in the United States at an annual cost of about $200,000 per person, and that OPIC would require five additional employees at an annual cost of about $200,000 per person. In total, those additional personnel would require annual appropriations of $2 million to $3 million a year, and would cost $11 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

Section 9 would require Ex-Im to increase its activity in Africa or to report annually to the Congress if it cannot provide at least 10 percent of its financing to that region. Ex-Im currently provides about 5.5 percent of its financing to Africa. Because the bill would not increase the overall cap on Ex-Im's financing, implementing that provision would require the bank to reduce its financing to other regions of the world. New financing provided to Africa could be more or less risky than financing in other regions and could therefore increase or decrease the appropriations needed to cover Ex-Im's subsidy costs; however, CBO has no basis for estimating the net effect of such changes in the bank's financing.

Finally, section 9 would require Ex-Im to report on its activity to counter tied aid or other concessional lending by foreign governments. Tied aid is a form of concessional lending that requires the recipient to buy goods or services from the donor. CBO estimates that those annual reporting requirements would cost less than $500,000 over the 2014-2018 period, assuming the availability of appropriated funds.

**International Trade Administration**

Sections 7 and 8 would increase costs to the International Trade Administration (ITA) by requiring a commercial service officer to be placed at the African Development Bank and requiring the agency to develop a training program for foreign commercial service and economic officers with respect to programs of the Ex-Im, OPIC, the Small Business Administration, and the United States Trade and Development Agency.

Based on information from the ITA, CBO estimates that the agency would spend about $400,000 per year for salaries and administrative costs incurred elsewhere in the agency to reassign an officer to serve at the African Development Bank. In addition, CBO estimates that providing training for foreign commercial service and economic officers would cost about $400,000 to develop the curriculum and to cover the costs incurred by attendees to travel to a central location to receive the training. Taken together, CBO estimates that implementing those provisions would cost $2 million over the 2014-2018 period, assuming appropriation of the necessary amounts.

**Trade Promotion Strategy**

Section 4 would require the President to develop and implement a strategy to promote exports to Africa and section 5 would require him to designate a special coordinator to oversee those efforts. Based on information from the ITA, CBO estimates that implementing those provisions would cost less than $500,000 a year over the 2014-2018 period, assuming the availability of appropriated funds.

**PAY-AS-YOU-GO CONSIDERATIONS**: None.

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 718 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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