

Council Highlights

June/July 2005

NATIONAL FOREIGN TRADE COUNCIL



A Word From the President

Just when I thought I had put my past as the person in charge of the Commerce Department's dual use export control programs behind me, export control issues have once again reared their ugly head, to the detriment of our members, but also, ultimately, to the detriment of our national security. As a result, I find myself, as well as others here at the NFTC, doing battle again on issues I thought had been laid to rest years ago.

The proximate cause of the latest round of trench warfare is the Commerce Department's March 28 Federal Register notice seeking comments on its Inspector General's proposal that the "deemed export" program be expanded to require a license based on a person's country of origin rather than his legal residence.

For those unfamiliar with the issue, the idea is that if a foreigner coming to work in the U.S. (or coming to work in a U.S.-owned facility overseas) accesses technology that is otherwise controlled for export to the country where that person came from, then he becomes, in effect, a "deemed export" because he will presumably take what he has learned - the technology - back home with him when he returns. As a practical matter, that means when a high tech company, or sometimes even a not-so-high tech company hires a foreign worker, it might have to obtain an export license for that individual above and beyond his visa (which is another problem I've written about previously), depending on what technology he might have access to.

(Continued on Page 3)

Chairman's Note

Under the leadership of Senior Vice President Anne Alonzo, the NFTC has teamed with the Business Roundtable to form the Hispanic Alliance for Free Trade (HAFT), a coalition of Hispanic American civic and business organizations that support free trade.

HAFT was founded specifically to influence the DR-CAFTA debate, and the response throughout the Hispanic community has been both impressive and unprecedented. In a very short time, the diverse "umbrella" group of over 125 leading Hispanic organizations, including chambers of commerce, advocacy, social services, and economic development groups, broadly representative of the Hispanic community (including many Central American members), has demonstrated a strong commitment to approval of the DR-CAFTA.

HAFT has been mentioned in many important trade and national publications and has won endorsements from some of the Hispanic-American community's most important voices. In early June, HAFT organized a Washington, DC fly-in

(Continued on Page 11)

TOP COUNCIL NEWS

Newly Elected WTO Director General, Pascal Lamy, Meets with NFTC Members

"On April 29, just a few weeks prior to being elected as the consensus candidate to become the next Director General of the WTO, Pascal Lamy held a private meeting with a small group of NFTC members..."

(Page 3)

USA*Engage Opposes State Legislation Mandating the Divestment of Pension Funds Associated with Sudan

"USA*Engage has written to state legislators in Illinois, New Jersey, New York and Texas urging a halt to pending legislation..."

(Page 7)

Facilitating Global Business Mobility is HR Priority

"The December 2004 NFTC's Board of Directors meeting discussed as a priority issue the significant negative impact that policies of the Department of Homeland Security have had on global business..."

(Page 9)

This Issue

Int'l Trade & Finance	2
U.S.-MEFTA	4
Tax Policy	5
USA*Engage	7
U.S.-SABC	7
Human Resources	9
New Members	10
Calendar of Events	11



International Trade and Finance

NFTC Spearheads Association Letter to World Bank President on Procurement Proposal

On May 25, the NFTC and 10 other business groups sent a letter to President Wolfowitz on a pending White Paper at the World Bank entitled "Increasing the Use of Country Systems in Procurement." The letter highlighted three primary U.S. business concerns regarding the proposal: its potential to reverse a major effort led by the World Bank to standardize and harmonize procurement procedures and documents among the MDB's; its likelihood to lead to less transparency in Bank procurements, running counter to important anti-corruption initiatives at the Bank; and increasing costs and decreasing competition in World Bank-supported procurement. The letter urged that the proposal not be adopted.

The NFTC is leading efforts to communicate U.S. business concerns to Capitol Hill, including meetings with House appropriations staff. The letter was also delivered to senior U.S. officials, including acting U.S. Executive Director to the World Bank, Bob Holland, and Secretary Snow.

Second Edition of NFTC Doha Round Tariff Study Released

During a public panel session jointly organized by the NFTC and Global Business Dialogue, the NFTC released its second edition of a tariff study to demonstrate the need for serious progress in the Doha Round negotiations on industrial tariffs. The study provided a factual analysis of current bound and applied tariffs on 50 top NFTC member exports into six emerging and advanced developing country markets. The study also examined the top five exports of the six developing countries to the U.S. and to each other. The six countries examined were Brazil, Egypt, India, Malaysia, South Africa and Turkey.

The results of the analysis showed in factual terms that absent bold tariff cuts in the Doha Round through an ambitious tariff cutting formula and zero tariff objectives, U.S. companies would not achieve any new or meaningful market access. It also showed that current relatively low export levels would likely grow in all the trade examined if tariffs were reduced substantially or eliminated altogether. For a copy of the report, please go to www.nftc.org.

NFTC Submits Statement on WTO and Doha Round to Ways and Means Committee

As part of a May 17 Ways and Means hearing on the WTO, the NFTC submitted a statement expressing its strong support for the WTO and ambitious outcome to the Doha Round trade negotiations. The hearing was part of a formal five-year review process of U.S. participation in the WTO. Under an expedited congressional procedure since 1994, when Congress enacted the Uruguay Round Agreements Act, Congress formally votes on continued US participation in the WTO every five years by considering a resolution to disapprove of our participation. The resolution HRRES 27 was overwhelmingly defeated on June 9th in the House. The Senate has until July to act.

The NFTC testimony emphasized the vital role of the WTO in creating a stable, predictable and non-discriminatory multilateral trading system. It also addressed the importance of the WTO as the primary vehicle for trade liberalization on a global basis, and stressed the critical need for continued U.S. leadership in the WTO and the ninth round of multilateral trade negotiations under the Doha Development Agenda. The final major point of the testimony was for the U.S. to aim for ambitious results in achieving significant new market access as the chief objective of the Doha Round.

NFTC-Sponsored MDB Conference Attracts Strong Business Attendance

On April 25, more than 130 companies and firms attended a major conference organized by the NFTC and the Department of Commerce on American business opportunities at the multilateral development banks. Several different high level speakers participated in the informative conference, including U.S. Executive Directors and Senior Commercial Officers to the various MDB's. Senior World Bank and Inter-American Development Bank officials responsible for procurement matters also spoke at the conference on evolving developments at their respective institutions.

In addition to in-depth discussions of how to best access and take advantage of MDB procurement opportunities, the U.S. representatives encouraged companies to stay in contact with U.S. officials at Commerce and U.S. Executive Director offices.



International Trade and Finance

Newly-Elected WTO Director General, Pascal Lamy, Meets with NFTC Members

On April 29, just a few weeks prior to being elected as the consensus candidate to become the next Director General of the WTO, Pascal Lamy held a private meeting with a small group of NFTC members to discuss the outlook on the Doha Round. Lamy stressed the importance of achieving a successful outcome to the Doha trade talks and engaged in a discussion on the current status of the negotiations relating to the goal of achieving real progress in July in the lead up to the Hong Kong Ministerial. NFTC members underscored the leading role played by the NFTC in providing U.S. business community support for the Doha negotiations and pointed out that the ultimate level of U.S. business enthusiasm for the final agreement would depend on the level of ambition achieved in securing meaningful new market access for goods, services and agriculture.

The NFTC also met earlier in the year with the other leading candidate for WTO Director General, Carlos Perez del Castillo, Uruguay's former Ambassador to the WTO.



Pascal Lamy, former EU Trade Commissioner and selected Director General of the WTO (assumes position September 1) with NFTC's Mary Irace

(Continued from Page 1, "A Word From The President")

Since 1994 when this regulation was last clarified, the Department has looked at where the individual is coming from - i.e. if the company is hiring a Chinese, then a license is required if that individual would be accessing technology that is controlled for export to China. The new idea on the table via the Inspector General is that the Department should consider a Chinese individual not only if he lives there and is coming from there, but also if he was born there, regardless of where he might be living now or what his immigration status is. In addition, there are rumors that other agencies would like to broaden the program to also include green card holders, which would be an even more significant expansion of the program.

While these proposals are riding the 9/11 wave - the crackdown on foreign visitors in the name of fighting terrorism - the reality is that deemed export licenses have little to do with anti-terrorism and much to do with catching spies and feeding the growing anti-China paranoia that we are all experiencing. Statistically, the program has not been particularly useful in its mission. When I was at Commerce we would reject one or two applications per year of the approximately 900 received. More recently, the rejection rate has gone up slightly, but is still only about 1%, which raises the question of whether there might be more cost effective means of deterring what is essentially industrial espionage.

I hope so, because the proposals not only have real short term costs but also serious long term consequences for our competitiveness and our security. In the short run, if the deemed export program is broadened, companies will have to spend a lot of extra time and significant sums of money to collect information from a vastly expanded pool of employees and which in some cases they are forbidden by law to collect. In the long run, multinational companies will exercise the choices that are open to them, and if you think about it, it's fairly simple. If you can't get the Chinese or Indian engineers you need into the country (and can't find enough American engineers to meet your needs - another whole issue that deserves its own column) your likely response will be to build your next research center in China or India. What that means, of course, is that we will be transferring our innovation base offshore and creating centers of excellence elsewhere that in the short run will be working for us, but in the long run will be developing a generation of skilled scientists and engineers who will be working for the other country and competing with us. Ultimately, that will end up doing more damage to our national security than would be done if we simply leave the existing deemed export program unchanged.



Middle East Free Trade Alliance



MEFTA Coalition Urges Action on U.S.-Bahrain FTA and Hill Support for MEFTA Process

In a letter to the Chairmen and Ranking Members of the Senate Committee on Finance and the House Ways and Means Committee, the U.S.-Middle East Free Trade Coalition outlined the tangible gains being made through FTA's with Middle Eastern countries and urged immediate Congressional consideration and approval of the U.S.-Bahrain FTA. Passage of the agreement is critical to the U.S.-led Middle East Free Trade Area (MEFTA) Initiative, which seeks to encourage market-oriented economic reforms and to demonstrate the benefits of trade liberalization in the Middle East.

MEFTA Coalition members urged consideration and passage of the Agreement to lock in Bahrain's commitments to "immediate tariff elimination on nearly all U.S. consumer, industrial, and agricultural products, enhancements and clarifications of TRIPS commitments for the digital economy and for life sciences, strengthened intellectual property enforcement, improved market access in services, streamlined and transparent customs procedures, and strong government procurement disciplines which are precedent setting in the Gulf region."

The letter also stated that ratification of the U.S.-Bahrain FTA would add significant momentum to ongoing trade negotiations in the region with Oman, the United Arab Emirates and potential negotiations with Egypt. The MEFTA Coalition has consistently supported the Oman and UAE FTA's, as well as the Morocco FTA, which Congress passed in 2004.

U.S.-Oman FTA Nears Completion

The second round of the U.S.-Oman FTA negotiations took place in Washington during the week of April 18. Extensive progress was made during the round, closing additional chapters and working through remaining text. It is anticipated that the agreement could be concluded soon, with mainly technical issues outstanding. During this week, the MEFTA coalition organized several events including a reception with U.S. business honoring His Excellency Maqbool Ali Sultan, Minister of Commerce & Industry of the Sultanate of Oman, The Honorable Cathy Novelli, Assistant USTR for Europe & the Mediterranean, and members of the U.S. and Omani negotiating teams as well as a lunch discussion at the end of the round to brief business on progress made.

U.S.-Bahrain FTA Coalition Meets with Bahraini Finance Minister

On April 18, NFTC and coalition members met with H.E. Shaikh Ahmed bin Mohammed Al-Khalifa, Bahrain's recently appointed Minister of Finance. Shaikh Al-Khalifa, who was previously the Governor of the Bahrain Monetary Agency discussed Bahrain's preparations for implementation of the FTA and heard from members on issues regarding the agreement and opportunities for increasing business with or investment in Bahrain. The US-Bahrain FTA will be the next FTA considered by Congress, after DR-CAFTA.

United Arab Emirates Completes Second Round; Extensive Outreach in Washington

The second round of the U.S.-UAE FTA negotiations took place in Washington during the week of May 9, led by H.E. Shaikha Lubna Al Qasimi, Minister of Economy and Planning of the UAE and Cathy Novelli, Assistant U.S. Trade Representative for Europe and the Mediterranean. This negotiating round saw progress, with text being agreed upon across the board and a couple of chapters being concluded. It is anticipated that negotiators will conduct a "virtual" round by videoconference in late June and meet again in September.

During the round, the NFTC and the U.S.-Middle East Free Trade Coalition co-hosted a number of events including a discussion on Capitol Hill with Sheikha Lubna Al Qasimi on the topic of "Economic Development and the Transformation of the U.S.-UAE and U.S.-Middle East Economic Relationship," and a lunch with the lead negotiators and the U.S. business community to discuss progress in the round.



Tax Policy



NFTC 2005 Tax Treaty Survey Analysis

Thanks to all of you that responded to the 2005 NFTC Tax Treaty Survey. The increase in the number of responses and the amount of data you provided (36 responses were received this year, a 20% increase) continues to improve the value of the survey. The following is an overview of the responses:

Country Priorities

While there were some old favorites that reappeared as the most important priority negotiation countries to NFTC members who responded to the survey, new countries also surfaced. The ratification of significant agreements in the last two sessions of Congress (e.g., Japan, U.K., Netherlands, Australia, Mexico), brought about a shift in the countries at the top of the list. As has happened in the past, the top tier countries (those that were selected by most respondents) were clustered in groups of three or four; thereafter, a significant drop in votes per country occurs.

The countries that were identified as the most important to respondents with between 28-25 votes (these countries were also most frequently listed as the first or second most important country by respondents) are: Canada, Brazil, and China (all results will be listed in order, with those receiving the most votes listed first). The negotiation items that were listed as most significant in each country were: Canada; where an overwhelming number of respondents listed dividend withholding as the most important item; Brazil where royalty withholding was significant, followed closely by permanent establishment; and China where royalty withholding was most important.

The second tier cluster of countries with between 20-19 votes included: South Korea, India, and Singapore. The items that were selected as most important were South Korea and India: permanent establishment, business profits, and royalty withholding were equally significant; Singapore: permanent establishment, business profits, and interest, royalty, and dividend withholding all received the same number of votes.

There was a significant drop-off in the number of votes for the next cluster. Those countries receiving between 13 and 11 votes are: Argentina, Germany, Italy, and Spain; Taiwan and France each received 10. The issues that were selected as most important were Argentina: royalty withholding; Germany: interest withholding; Italy: permanent establishment; Spain: royalty and dividend withholding; Taiwan: royalty withholding; and France: dividend withholding.

The next group of countries was: Mexico, Australia, Saudi Arabia, Switzerland, Turkey, Russia, Venezuela, and Israel. The range for these countries was between 9 and 5 votes. The items that were cited as most important in each country were Mexico: royalty withholding; Australia: royalty and dividend withholding; Saudi Arabia: permanent establishment and business profits; Switzerland: dividend withholding; Turkey: permanent establishment; Russia: permanent establishment; Venezuela: permanent establishment and royalty withholding; and Israel: royalty withholding.

The Questions

Question 1 asked respondents to expand upon any tax treaty negotiation issues that were noted in the selection of countries and items. The most frequently cited response was the elimination of withholding taxes on interest, royalties, and dividends. Binding arbitration and more efficient mutual agreement procedures were also referred to in several responses (to this question and question 2); respondents noted that significant delays were encountered in resolving examinations and that settlements were often held hostage unless taxpayers waived access to mutual agreement procedures, particularly with Korea, Canada, and Mexico. Concern was voiced regarding the OECD's work in the permanent establishment area, including the determination of what constitutes a permanent establishment and the associated attribution of profits.

(Continued on Page 6)



Tax Policy



2005 Spring Tax Committee Meeting a Big Success

The 2005 Spring Tax Meeting was a big success; the educational and networking opportunities were excellent and the NFTC members who attended enjoyed themselves. The event again provided an excellent opportunity for NFTC members to discuss issues of interest with government officials and Congressional Hill staff. Hearing from the impressive list of speakers was complimented by the opportunity to get better acquainted in an informal setting.

Breaking with tradition, the 2005 Spring Tax Committee Meeting was held at the Ballantyne Resort in Charlotte, NC, a beautiful venue with golf on the premises. The meeting began with a Thursday night reception and dinner and concluded with lunch Saturday.

This year's agenda included participation from Administration officials from the IRS and Treasury. Among them, Hal Hicks, Associate Chief Counsel International, IRS; Bob Green, Director, International, U.S. Competent Authority, IRS; and Patricia Brown, Deputy International Tax Counsel, Treaty Affairs, Department of the Treasury. The Administration officials were joined by outstanding private sector speakers that made significant contributions to the discussions which included many current international tax issues: an IRS competent authority update, a tax treaty and Treasury update, a panel on current IRC Section 482 developments, and a panel on



Hal Hicks, Associate Chief Counsel International, IRS and Giovanna Sparagna, Sutherland Asbill & Brennan LLP at Spring Tax Committee Meeting

global transfer pricing compliance. The tax treaty update panel included a roll-out of the second phase of the NFTC Tax Treaty Project and a summary of the results of the NFTC Tax Treaty Surveys was presented. Once again, the agenda did not fail to deliver on its promise to provide an information packed meeting.

Following the long-established meeting format, the last panel was a Tax Legislative Update Panel with Congressional Hill Staff from the tax writing committees, including: Ed McClellan, Tax Counsel, Republican Committee on Finance; Marc Gerson, Tax Counsel, Republican Committee on Way & Means; and Jayme White, Senior Legislative Assistant, Rep. Jim McDermott. Led by moderator Nick Giordano of Washington Counsel Ernst & Young, the staff gave their predictions on tax matters in the 109th Congress. As always, the meeting provided an excellent opportunity for NFTC members to discuss issues of interest with government officials and Hill staff in an informal setting.

For information on next year's meeting or to provide comments on this year's meeting, please contact Judy Scarabello, Vice President for Tax Policy, jscarabello@nftc.org or the NFTC website, www.nftc.org.

(Continued from Page 5, "NFTC 2005 Tax ...")

Question 2 focused on tax treaty implementation issues, asking respondents to provide details about examinations, settlement problems, and procedural issues encountered in obtaining tax treaty benefits. Onerous procedures encountered to receive reduced tax treaty withholding rates were cited most often; the countries linked to this issue were China, Portugal, Mexico, and Saudi Arabia. The expansion by certain countries of what constitutes a permanent establishment and the attribution of profits to that permanent establishment was another tax treaty implementation issue that was referred to often, particularly with reference to India, Italy, and Spain. Disallowance of head office overhead expenses is an examination item in many countries; Canada, India, and Kazakhstan were identified. Several respondents mentioned that local country tax officials lacked the necessary knowledge and understanding to conduct international examinations and to follow tax treaty procedures which resulted in significant costs to resolve even small issues.

Thanks again to those that took the time to respond to the 2005 NFTC Tax Treaty Survey. Your responses provided valuable information. The aggregate information has been provided to the U.S. Treasury and Internal Revenue Service officials with responsibilities in the tax treaty area.



USA*Engage

USA*Engage/NFTC Submits Declaration and Understanding to be Included in UN Convention against Corruption Ratification Package

An ad hoc coalition of business associations has proposed language to be included in the Administration's transmission package of the UN Convention against Corruption to the Senate for ratification. While the business community endorses the treaty, Article 35 creating a private right of action for vaguely defined "acts of corruption" could expose U.S. companies to frivolous legal claims in both U.S. and foreign courts. The coalition has submitted language to clarify that the convention is not "self-executing," thereby granting each state signatory discretion as to how to implement the treaty provisions and stating that U.S. compliance does not require adoption of new private rights of action under current domestic law. Furthermore, the understanding clarifies that rights under the treaty could not serve as the basis for claims under the Alien Tort Statute.

USA*Engage Opposes State Legislation Mandating the Divestment of Pension Funds Associated with Sudan

USA*Engage has written to state legislators in Illinois, New Jersey, New York and Texas urging a halt to pending legislation that would require public pension fund managers to divest from businesses with investment in Sudan. This legislation violates the spirit of the Supreme Court's 2000 decision in *Crosby v. National Foreign Trade Council* which asserted federal supremacy in establishing economic policies with foreign affairs implications. While only these four states are deliberating binding proposals, legislators in California, Indiana, Kentucky and Vermont have proposed non-binding measures. U.S. companies are banned from investing in Sudan under Executive Order, so these extra-territorial sanctions target foreign companies. A copy of the letter is on page 8.

For more information, contact Haynes Roberts at hroberts@nftc.org or (202) 887-0278.



U.S. - South Africa Business Council

USTR Briefs Business Council on SACU FTA; Business Council Urges Bush-Mbeki to Renew Push on FTA; Meeting with State Legal Adviser on Lawsuits; Business Council Appoints New Deputy Director

On May 24 the U.S-South Africa Business Council was briefed by USTR Africa official Patrick Coleman on the free trade talks with SACU. He reported that both sides agreed in April to designate deputies to oversee the negotiations and that they will probably meet in June to attempt to restart the negotiations. The talks have been stalled since June over the "level of ambition" which the FTA should embody, essentially whether SACU will accept the comprehensive trade agreement required by USTR. The new U.S. Trade Representative, Rob Portman, has expressed support for completing the FTA.

The Business Council worked with the USTR to ensure that the free trade agreement with SACU was on the agenda when Bush and Mbeki met on June 1 to discuss the upcoming G-8 Summit where African development is to be a priority issue. The two presidents did agree to "intensify efforts" to conclude the FTA.

On June 1 the Business Council joined USA*Engage in a meeting with the new State Department Legal Advisor, John Bellinger III, to discuss pending alien tort lawsuits, and in particular to encourage the Administration to file a brief on the apartheid era suits with the Second Circuit Court of Appeals. The Business Council stressed the importance of the Supreme Court's *Sosa* decision which emphasized the foreign policy prerogatives of the Executive Branch. The consensus of the defense attorneys is that there is no need for the Business Council or USA*Engage to file a brief with the Second Circuit, which is currently scheduled to hear oral arguments in October. Member companies can get more information by contacting Dan O'Flaherty at 202-464-2026 or doflaherty@nftc.org.

Emily Solomon, who has been with the Business Council since 1997, has resigned to take up a fellowship at the University of Pittsburgh. She was honored at the May 24 meeting for her service to U.S. business in South Africa. Her successor is Michael Allen Lake, an experienced consultant on international commercial issues who has served as assistant to the president of the International Intellectual Property Alliance. He can be reached at 202-464-2029 and mlake@nftc.org.



Sudan Divestment Letter



Honorable Albio Sires
Speaker New Jersey Assembly

Dear Mr. Speaker:

It has come to the attention of the National Foreign Trade Council (NFTC) that the New Jersey Assembly has passed A. 3482, requiring public pension fund managers to divest holdings in foreign entities with business activities in Sudan.

While the situation in Darfur is undoubtedly tragic, the U.S. business community opposes the politicization of U.S. capital markets. In the case of Sudan, American firms are currently banned by executive order from trade and investment. Foreign firms listed on U.S. security exchanges currently disclose investment information "material to the reasonable investor" as prescribed by the Securities and Exchange Commission and this standard has evolved over decades.

Divestment will not likely change the behavior of the Sudanese regime and will ultimately harm U.S. investors. Companies that lose access to U.S. capital markets and investors for political and social reasons will simply turn to other global capital markets for funds. U.S. capital markets will be affected as global companies avoid them for fear of being the next target of market sanctions in the U.S. In addition, foreign governments may seek to retaliate by barring certain U.S. companies from listing on exchanges abroad or prohibiting pension fund investment in U.S. companies by foreign investors based on their own political motives.

Moreover, we believe that this provision may be unconstitutional. In its *NFTC vs. Crosby* ruling, the Supreme Court found that state and local laws relating to foreign policy that are implemented in addition to federal sanctions on the same country intrude upon the exclusive power of the national government to regulate foreign affairs, discriminate against companies engaged in foreign commerce, and subvert the policies and objectives of the federal sanctions regime:

It is implausible to think that Congress would have gone to such lengths to empower the President had it been willing to compromise his effectiveness by allowing state or local ordinances to blunt the consequences of his actions. (*NFTC v. Crosby*, 2000)

The precedent created by this ruling has resulted in the revocation or suspension of many previously enacted selective purchasing restrictions on Burma at the state and local level over the past five years. In this case, federal policy toward Sudan is clearly articulated under Executive Orders, primarily 13067, dating back to 1997 and more recently with the passage in 2002 of the "Sudan Peace Act" (Public Law No: 107-245).

The NFTC represents the interests of hundreds of companies in support of open international trade, and as the sponsor of the USA*Engage coalition, opposes counterproductive unilateral sanctions. America's values, security and prosperity are best advanced by sustained public and private sector involvement in world affairs. Engagement at all levels - political, economic, religious, educational and cultural - is the best tool to advance America's interests overseas. Local sanctions cut off engagement and undercut efforts to attract international investment that supports jobs and economic growth. Furthermore, the world's challenges require strong American leadership, and to lead the United States must speak with one voice. Local sanctions frustrate cooperation with U.S. trading partners who frequently view them as a violation of U.S. international commitments.

The Assembly's actions do not conform to the Supreme Court's finding in *NFTC vs. Crosby* and threaten U.S. capital markets. As a voice for over 550 U.S. manufacturing corporations, financial institutions and other U.S. firms having substantial international operations or interests, the NFTC urges you to withdraw the legislation previously adopted by your chamber, both in the interest of international engagement and in accordance with our Constitution.

Sincerely,
William A. Reinsch
President, NFTC



Human Resources



Facilitating Global Business Mobility is Human Resources Priority

The December 2004 NFTC's Board of Directors meeting discussed as a priority issue the significant negative impact that policies of the Department of Homeland Security have had on global business in general, and on the U.S. economy in particular. In 2004 it was estimated that heightened national security-related checks have cost the U.S. economy over \$40 billion in lost business deals, tourism revenue, and college and university tuition.

On May 20, NFTC Vice President Bill Sheridan participated in a meeting in New York City held by the Global Commission on International Migration (GCIM). The meeting was hosted by Kjell Anneling, the Consul General of Sweden.

The GCIM is co-chaired by Jan O. Karlsson of Sweden and Mamphela Ramphele of South Africa. The Commission was established in 2003 under the auspices of UN Secretary General Kofi Annan. It is to report its findings and recommendations to the Secretary General in October 2005.

To date the Commission has held meetings in Manila, Budapest, Mexico City and New York City. The GCIM is looking at all aspects of global migration: within countries (i.e., China), across adjoining national borders (i.e., Mexico and the U.S.), within regions (i.e., southern Africa), and across regions. The migration might be voluntary (sponsored or unsponsored) or involuntary (asylum seekers).

The purpose of the meeting in New York was for the Commissioners to gain perspectives and recommendations from the business community. Attending the meeting were representatives from: the American Council on International Personnel (ACIP), AOL, BDO Seidman, Booz Allen Hamilton, Columbia University, Credit Suisse First Boston, Deloitte & Touche, Fragomen Del Rey Bernsen & Loewy, General Electric, Honeywell, JPMorgan Chase, Pricewaterhouse Coopers, Unilever USA, and the WPP Group.

The GCIM representatives at the meeting were particularly interested in learning about the barriers that global employers are facing today and what concrete recommendations can be made to the Secretary General. By emphasizing the increasing global commercial connectivity between nations several recommendations were put forward:

- 1) develop pre-approved business traveler visas for extended terms (up to 36 months) that could be granted to qualified employers for internal allocation;
- 2) have pre-approved multiple entry visas within a geographic region;
- 3) overturn the decades old U.S. requirement for foreign citizens who complete their college or university studies here to leave the country for 12 or more months before being able to work in the U.S.;
- 4) expand the number of "necessary skill" visas where there are obvious labor shortages (this would apply anywhere in the world);
- 5) organize a meeting of all stakeholders (government, non-government organizations, academia, labor and business) to discuss and understand the challenges and solutions; and
- 6) develop a clearer reasoning for the need to change (i.e., demographic trends in Japan and Western Europe).

The Commission will be providing the NFTC with a report of its findings and recommendations. The NFTC will continue to seek input from member companies on the issues and possible solutions. For further information contact Bill Sheridan at 212-399-7128 or wsheridan@nftc.org.



New Members



Hercules USA, Inc. is a New York based company that sells food and agricultural products licensed by the Office of Foreign Assets Control to Iran under the Trade Sanctions Reform and Export Enhancement Act of 2000. President Timothy Ward will serve as the member contact.

Maybank Industries, LLC, founded in 1988, has become the premier break bulk operator in the Caribbean. It owns three U.S. Flag Vessels and charters several other U.S. and foreign flagged vessels in the Caribbean, Central America, and South America. David Shimp, Vice President for Program Development represents the company with the NFTC.

Sandler, Travis & Rosenberg, PA is an international trade and customs law firm concentrating in the movement of goods and personnel across international borders. Its attorneys possess extensive industry and government experience in the laws governing international trade. Our legal staff is supported by industry specialists including former U.S. Customs Service officials and import specialists, and auditors; licensed customs brokers; freight forwarders; and foreign-trade zone and warehouse operations specialists. Ron Sorini, President, Trade Negotiations & Legislative Affairs represents the firm in its General membership in the NFTC. www.strtrade.com.

Schlumberger Technology Corporation is part of Schlumberger Limited, a leading oilfield services company supplying technology, project management and information solutions that optimize performance for customers working in the international oil and gas industry. Founded in 1927, today the company employs over 52,000 people of more than 140 nationalities working in 80 countries. Jack Kluepfel, Director, Employee Services represents the company in its NFTC International Human Resources membership. www.slb.com.

Sony Pictures Entertainment is headquartered in Culver City, CA and its global operations encompass motion picture production and distribution, television programming and syndication, home video acquisition and distribution, operation of studio facilities, development of new entertainment technologies and distribution of filmed entertainment in 67 countries worldwide. Alan Freeman, Vice President, Human Resources represents the company in its International Human Resources membership in the NFTC. www.spe.sony.com.



Members of NFTC Doha Round Working Group and Ambassador Deily at a reception in honor of NFTC, at her residence in Geneva.



Hispanic Alliance for Free Trade Pro-CAFTA Lobby Day (with over 150 representatives) was kicked off by USTR Ambassador Rob Portman at the White House. NFTC's Anne Alonzo helped organize and Co-Chairs the Alliance.



Calendar of Events



<u>Date</u>	<u>Topic</u>	<u>Location</u>
June 14, 2005	Tax Lunch Forum: Speakers Henry Louie, International Economis, Office of International Tax Analysis	Washington DC
June 14, 2005	Tax Steering Committee Meeting	Washington DC
June 15 - 16, 2005	International Human Resources Conference	New York City
July 20, 2005	Tax Lunch Forum	Washington DC
July 20, 2005	Tax Steering Committee Meeting	Washington DC
September 20, 2005	Tax Lunch Forum	Washington DC
September 20, 2005	Tax Steering Committee Meeting	Washington DC
October 18, 2005	International Benefits Committee	New York City
November 8 - 9, 2005	Fall Tax Committee Meeting	Washington, DC
Fall 2005	Annual World Trade Dinner and Award Ceremony	New York City
Fall 2005	Annual Membership Meeting	New York City
Fall 2005	Board of Directors Meeting	New York City

Note: The Tax Steering Committee Meetings, SACU FTA Chapter Briefings, Expatriate Management, Global Compensation, International Assignment Management, and International Benefits Committees are by invitation only. For information about them contact Chuck Dittrich, (202) 887-0278, e-mail cdittrich@nftc.org.

(Continued from Page 1, "Chairman's Note)

for over 190 of its members and friends. The members met with U.S. Trade Representative Rob Portman at the White House before holding meetings with Members of Congress to urge support for DR-CAFTA.

Equally important, however, this new organization is educating a large cross-section of the American population on the importance of free trade to their economic well-being. Hispanic Americans supporting DR-CAFTA have experienced first-hand the promise of free enterprise and economic opportunity in the United States. They, more than most, know what is riding on this agreement not only for American workers and businesses, but also for workers and businesses in the Dominican Republic and the five nations of Central America.

In the near future, HAFT will become an important tool for weighing in on other trade issues in the hemisphere. With negotiations for the Andean Free Trade Agreement concluding, and a hemisphere wide Free Trade Area of the Americas still in the works, the Hispanic Alliance should continue to be a key player in voicing the Hispanic community's support for free trade.

China: Business and Human Resource Issues, Challenges and Solutions

The NFTC and Hewitt Associates co-hosted a five city seminar series on China. The programs were held in Chicago, Dallas, Detroit, New York City and Santa Clara. In addition to senior consultants from Hewitt Associates office in Shanghai the faculty included NFTC member representatives from Applied Materials, Baker & McKenzie, Epstein Becker & Green, Ford Motor Company, Gillette, McDonald's, Nordson, Synopsys and Wal-Mart International.



National Foreign Trade Council



Current Member?

Update your contact information or add a colleague from your company who doesn't currently participate in NFTC activities.

Join us in securing an Open Global Trading System for U.S. Business!

If you know of a company that we may contact to join the NFTC or if you are not a member and would like information on how to become involved, let us know:

Company: _____
 Contact Name: _____
 Address: _____
 Phone: _____
 Fax: _____
 Email: _____

NFTC Area of Interest (check all that apply):

- | | |
|---|---|
| <input type="checkbox"/> International Trade & Investment | <input type="checkbox"/> Export & Project Finance |
| <input type="checkbox"/> International Human Resources | <input type="checkbox"/> International Taxation |
| <input type="checkbox"/> USA*Engage | <input type="checkbox"/> U.S.-South Africa Business Council |

Please mail or fax to:

Chuck Dittrich, NFTC, 1625 K Street, NW, Washington, DC 20006

Fax #: 202.452.8160

National Foreign Trade Council
 1625 K Street, NW
 Suite 200
 Washington, DC 20006