

Council Highlights



NATIONAL FOREIGN TRADE COUNCIL ADVANCING GLOBAL COMMERCE

Council Highlights is a bi-monthly summary of news and events of the National Foreign Trade Council exclusively for its members.

October/November 2006

Word From the President

For all you Garrison Keillor fans out there, it may have been a quiet week in Lake Wobegon, but it has been anything but that in Washington as the Congress wrapped up its final session prior to the election. While large issues that the NFTC does not get involved in made the front pages, such as funding the war in Iraq, dealing with the prisoners from the war on terrorism, and appropriating funds for the Department of Homeland Security, and while a number of things we do care about such as immigration and visa reform were put off, hidden below the fold were two developments that represent significant victories for the NFTC and USA*Engage.

One of them was Congressional action on the third bill imposing sanctions on Sudan. While this bill was not for the most part objectionable, and while the situation in Sudan remains dire, the House-passed version did contain one section (11) that we strenuously opposed because it invited state and local governments to enact their own sanctions that would go farther than what the federal government has done. As you know, the NFTC is suing the state of Illinois on precisely this issue, arguing that its Sudan divestment legislation is *(Continued on Page 6)*

NFTC Hosts 2006 Annual World Trade Dinner and Award Ceremony

On October 10th, the NFTC hosted the annual 2006 World Trade Dinner and Awards Ceremony at The Corcoran Gallery of Art in Washington, D.C. With hundreds in attendance, U.S. Trade Representative Susan Schwab delivered remarks, which stressed the importance of liberalizing trade in the United States and abroad.



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USA*Engage/NFTC Scorecard for 109th Congress Released

On Thursday, October 12th, USA*Engage and the National Foreign Trade Council (NFTC) released their report card for the 109th Congress. Since 1997, these two organizations have tracked Congressional votes and analyzed members of Congress' performance in supporting trade and engagement.

In the Senate, the highest individual scores went to Senators Hagel (R-NE) and Lugar (R-IN), while the top two scores in the

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Special points of interest:

- Special World Trade Dinner Edition! Turn To Pages 10-12 To See Pictures of Highlights From The NFTC'S Big Event.



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International Trade Policy

NFTC Leads Panel Session on Future Viability of WTO at Annual Forum

On September 26, 2006, the NFTC led a panel session at the WTO's Annual Public Forum. This is the fourth year in which the NFTC organized a panel session at the WTO's annual NGO symposium. This year's topic was "What the WTO Needs to Deliver to Remain Viable in the XXIst Century."

Six panelists participated in the panel discussion, including NFTC board member company GE, NFTC Vice President Mary Irace, Oxfam, and the Confederation of Indian Industries. A wide variety of perspectives were shared during the three-hour long panel session. Both GE and NFTC presentations focused on the growing interdependence of the global economy and the rising role of emerging market players, with a strong emphasis on the importance of the WTO keeping pace with these dynamic economic changes globally by concluding an ambitious Doha Round agreement.

NFTC Delegation Visit to Geneva in October

The NFTC Doha Round Working Group will undertake its eighth visit to Geneva during the week of October 16th. The purpose will be to convey continued U.S. business community support for a successful Doha Round agreement and to explore prospects for restarting the negotiations as soon as possible. The program of meetings will include meetings with Ambassadors to the WTO from China, the EU, Brazil, Malaysia, Australia, South Africa, Uruguay and other countries.

Quiet discussions continue at all levels among key WTO Members to explore what might be possible in terms of needed breakthroughs to restart the Doha negotiations. From the US government and business standpoint, a big trade liberalizing outcome is essential for success at the end of the day, which opens markets among advanced developing countries.

U.S.-South Africa Business Council Presses for Access by U.S. Companies to South African Infrastructure Projects

The U.S.-South Africa Business Council has urged the South African government to ensure that U.S. companies have fair access to major infrastructure projects under the "Accelerated Growth Initiative South Africa, (ASGISA)" intended to launch the country's economy onto a 6% growth path by 2014 and those connected to the 2010 soccer World Cup that will take place in South Africa. In meetings with South African Ambassador Masakela and in subsequent correspondence the Business Council has asked that the tender process be transparent and that American companies have a level playing field. The magnitude of the ASBISA and World Cup infrastructure projects is very significant and it is a priority of the Business Council to ensure fair access by U.S. companies.

The countries of the Southern African Development Community will hold a summit of heads of government and finance and trade ministers next month to accelerate regional economic integration. This is a significant development which the Business Council strongly supports in the creation of a larger regional market with harmonized policies.

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Progress on Ex-Im Bank Legislation with Completion Expected in Lame Duck

In the final days of the congressional session, the Senate Banking Committee approved a bill to reauthorize the US Export-Import Bank. The full Senate also completed action before adjournment. Both the House and Senate conferees are working on ironing out the differences in their respective bills so that a conference report can be approved during the lame duck congressional session in mid-November.

Several Trade Issues Likely in Lame Duck Session

Important trade issues before Congress were the subject of a great deal of last minute congressional activity before Congress adjourned in September. Action was taken in both the House and Senate to introduce legislation to extend and/or reform key trade preference programs which are expiring. These programs include GSP, the “third country fabric” provision in the Africa Growth and Opportunity Act (AGOA), and the Andean trade preference program. The leaders of the key House and Senate trade committees have different views on how to proceed on these important issues, which prevented final action on all of them. The NFTC and broader business community are lobbying Congress to ensure US trade preference programs do not expire and are extended during the upcoming lame duck session.

The other two major trade issues that the NFTC is working actively to have considered during the lame duck session are approval of legislation to grant Vietnam Permanent Normal Trade Relations (PNTR) status and approval of the US-Peru FTA. There is solid bipartisan support for approving PNTR for Vietnam during the lame duck session and the House Republican leadership has indicated it would be taken up in time for the President’s visit to Vietnam as part of the APEC Leaders Meeting. The US-Peru FTA faces more obstacles during the lame duck session due to congressional opposition.

NFTC Hosts 2006 Annual World Trade Dinner and Award Ceremony

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Held for the first time in Washington, D.C., this was the NFTC’s most widely attended fundraiser ever. Dozens of distinguished members of the foreign diplomatic corps were in attendance, in addition to corporate executives of member companies and U.S. government representatives.

Chad Holliday, Chairman and CEO of DuPont, received the World Trade Award this year. Mr. Holliday reciprocally praised the NFTC for its valued advocacy work in championing global commerce upon accepting the award.

Overall, the Dinner was a major success, as the NFTC celebrated over 90 years of advancing global trade, and more to come in both the near and distant future.



International Tax Policy

The Fall 2006 Tax Committee Meeting is a Big Hit with NFTC Members

The tax committee held its annual Fall Meeting in Washington, DC, September 27th and 28th at The Madison. The meeting kicked off with a reception co-hosted by the Organization for Economic Cooperation and Development in co-operation with the British American Business Association. Guests from both organizations joined NFTC Tax Committee Members and guests at the reception. The lively conversation was evidence that the attendees enjoyed making new friends and renewing old relationships.

The meeting opened with a panel consisting of key members of the respective staffs of the Senate Finance Committee and the House Committee on Ways and Means, and was moderated by Nick Giordano, Washington Council Ernst & Young. Panelists included Dean Zerbe, Chief of Staff, Republican Staff, Senate Committee on Finance; Patrick Heck, Chief Tax Counsel, Democratic Staff, Senate Committee on Finance; Marc Gerson, Tax Counsel, Republican Staff, House Committee on Ways and Means; and John Buckley, Tax Counsel, Democrat Staff, House Committee on Ways and Means. The staff engaged in a spirited discussion fueled by a steady stream of questions from the NFTC Tax Committee on topics ranging from the “tax gap” to the potential for tax reform.

The next panel was a review of old and new guidance with current and former officials of the Office of Chief Counsel International, IRS. The panelists: Steven Musher, Associate Chief Counsel International, IRS; Robert Culbertson, King & Spalding; Michael Danilack, Deloitte Tax LLP, discussed the history of guidance in several areas, including transfer pricing and foreign tax credits, and the direction of current guidance.



Hal Hicks – International Tax Counsel,
U.S. Treasury

Lilian Bertin, Director Tax and Customs, European Commission, discussed the progress and the implications of the EU Common Consolidated Corporate Tax Base (CCCTB) work being done at the Commission. He welcomed comments by some multi-nationals about the additional complexity added by the CCCTB approach and the perceived lack of associated benefit.



John Buckley, Tax Counsel, Democrat Staff, Committee on Ways and Means, U.S. House of Representatives; Marc Gerson, Tax Counsel, Republican Staff, Committee on Ways and Means, U.S. House of Representatives; Nick Giordano, Washington Council Ernst & Young LLP; Patrick Heck, Chief Tax Counsel, Democratic Staff, Committee on Finance, U.S. Senate; Dean Zerbe, Tax Counsel, Republican Staff, Committee on Finance, U.S.



Barbara Mattox, General Electric; Steven Musher, Associate Chief Counsel International, IRS; Robert Culbertson, King & Spalding; Michael Danilack, Deloitte Tax LLP

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NFTC Responds to Illinois Motion to Dismiss Sudan Lawsuit; Will File Petition to Halt Enforcement of the Law

On September 26 Winston & Strawn, which represents the NFTC in its lawsuit (*NFTC v. Topinka*) to overturn the Illinois Sudan sanctions law, filed a brief in response to the state of Illinois's motion to dismiss the suit. The suit was filed by the NFTC and eight Illinois public pension funds, as well as nine pension fund beneficiaries, on August 7.

The response to the motion to dismiss emphasized that the pension fund plaintiffs, as well as their beneficiaries, have suffered and will suffer injury as a result of the law and that the NFTC has standing in part because member companies of the NFTC have been identified as "forbidden entities" under the Illinois law.

The state has until October 10 to respond to the NFTC's brief, after which the Federal District Court judge assigned to the case will render a decision on the standing issue. During the first week of October the NFTC will file a motion asking the court to suspend enforcement of the law while the suit is being litigated. Members who want more information on the Illinois suit, including copies of the filings, can contact Dan O'Flaherty at 202-464-2026 or doflaherty@nftc.org.

NFTC Members Hosted at the Home of Saudi Arabian Ambassador

His Royal Highness Prince Turki Al Faisal, Ambassador of the Kingdom of Saudi Arabia hosted members of the NFTC Board of Directors, the NFTC Saudi Arabia Working Group and invited guests at dinner at the ambassador's residence on September 27 to discuss the current business climate in the Kingdom and members' business interests and plans. Prince Turki commented on the role of NFTC in supporting Saudi Arabia's accession to the WTO last year and reported on progress in implementation of commitments undertaken in that effort. The NFTC, through its Saudi Arabia Working Group and the U.S.-Middle East Free Trade Coalition advocates a further deepening of the commercial relationship between the two countries and is a proponent of launching negotiations of a bilateral investment treaty between the two nations.



New Colombian Ambassador to the U.S. Caroline Barco, NFTC Sr. VP Anne Alonzo and C2Group Partner, Raul Tapia meeting regarding Hispanic business community support of U.S.

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Word From the President

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unconstitutional. We have a lot of legal support for that view, since we won a similar case six years ago in a ruling from the Supreme Court dealing with Massachusetts' sanctions on Burma. The Court held unanimously that when the federal government has acted on a foreign policy matter, as it did on Burma and as it has on Sudan, the states are preempted. Of course, we had hoped that states would take account of that ruling as they considered similar measures in the future, but there is an organized campaign underway nationwide on Sudan divestiture which has proven to be very compelling.

Obviously, the NFTC and USA*Engage do not support the government of Sudan, and we have supported the Administration's efforts to reestablish peace in the region. States acting unilaterally, however, go beyond

what the Constitution permits, confuses what should be a clear message coming from America about Sudan, and imposes significant compliance costs on companies whether they do business in Sudan or not. The Illinois statute is particularly noteworthy because it even imposes its sanctions on companies that are operating in Sudan with the permission and blessing of the federal government.

We worked hard on this issue and, thanks to Senator Richard Lugar, who agreed with our view and took a strong stand in support of it, the version of the legislation sent to the President for signature did not contain this section.

The second issue was renewal of the Iran-Libya Sanctions Act, which was scheduled to expire on September 29. This was an exceptionally sensitive issue because the United States is engaged in delicate negotiations with its European allies, with Russia and China, and with Iran over the latter's nuclear program. The House had passed a significant toughening of sanctions on Iran (Libya has been dropped) in the spring before these talks began which would have tied the President's hands in a number of important ways. When Senator Rick Santorum offered similar language on the Senate floor this summer, it was rejected, largely because of senators' reluctance to take any actions that might disrupt the talks.

When the Senate had not passed anything by the time of the August recess, both bodies agreed to a short straight extension of current law, which was set to expire on September 29. This past week, after extensive negotiations between House, Senate and the Administration, the Congress agreed on compromise language which, while still objectionable, removed all of the serious problems contained in the earlier House bill and left the President's hands relatively untied.

This action, while retaining sanctions, is nonetheless a significant victory for USA*Engage and the NFTC which worked hard to point out the deficiencies of the House-passed bill to senators.

As those of you who know these issues well understand, lobbying them is difficult because the other side claims the moral high ground, and the media rarely investigates the arguments in sufficient depth to report the truth about

Advancing Global Commerce

The role of America in the world economy and the impact of international trade on the U.S. have never been more important. Leveraging its broad membership, expertise and influence, the NFTC is the only national business organization that exclusively advocates the international and public policy priorities of its members. From international trade, investment, tax, and export finance to human resource management, the NFTC's services and advocacy are a critical link for U.S. companies.

U.S. – Middle East Free Trade Coalition

U.S.-Oman FTA Reintroduced in Senate; Passes for Second Time

Legislation to implement the U.S.-Oman Free Trade Agreement came to the Senate floor last September 15th, and passed in a 62-32 vote on the September 19th. The Senate passed the implementing legislation prior to Congress' August recess, however, the House of Representatives subsequently passed the legislation, mandating another Senate vote in accordance with rules governing finance-related bills.

The U.S.-Oman Free Trade Agreement will liberalize bilateral trade and investment in substantially all sectors. In debate leading up to the vote on Tuesday morning, Senate Finance Committee Chair Chuck Grassley (R-IA), noted, "The Agreement will result in new market opportunities for farmers, workers and businesses through out the United States, including those in my state of Iowa."



President George W. Bush signs the U.S.-Oman FTA Implementing Legislation on September 26, 2006

U.S. business coalitions and major advocacy groups, such as the National Foreign Trade Council (NFTC) and the U.S.-Middle East Free Trade Coalition, advocated diligently for the Agreement's passage, noting that a commercial agreement with Oman is not simply forward thinking economic policy, but smart foreign policy as well.

Trade advocates may now turn their attention to other FTAs soon to come before Congress, including the Peru Trade Promotion Agreement (PTPA) and a U.S.-Colombia Free Trade Agreement to be signed in the coming months. There has also been talk of negotiating a commercial agreement with Kuwait, and an FTA with the United Arab Emirates may be forthcoming as well.

In a region that has been wrought with economic and political instability, the fact that the United States and Oman utilized diplomatic means to establish a win-win commercial partnership speaks volumes about the potential for productive engagement with other Middle East countries. The timing of the agreement's passage came only hours after President Bush addressed the United Nations, calling for development assistance and pro-democratization efforts in the Middle East.

USA*Engage/NFTC Scorecard for 109th Congress Released

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House of Representatives were attributed to Congressmen Flake (R-AZ) and Snyder (D-AR).

Bill Reinsch, NFTC's President and Co-chair of USA*Engage, commended the Congress for passing important trade legislation, including free trade agreements with Central American countries, Bahrain, and Oman, and acknowledged the overwhelming support this Congress had shown in reaffirming U.S. commitments to the World Trade Organization.

Looking forward, Jake Colvin, Director of USA*Engage, noted that there will be a number key trade issues to come before Congress in November and well into 2007 that will require "strong bipartisan support." Both USA*Engage and the NFTC will continue to monitor Congressional voting behavior in the interest of promoting global trade and engagement.

The entire report card, as well as the individual grades for each member of Congress, is available at www.usaengage.org

USA*Engage Members Meet with New OFAC Director

USA*Engage led a group of business representatives to meet with the new Director of the Office of Foreign Asset Controls (OFAC), Adam Szubin, in September. During the meeting, the group highlighted its long-standing concerns over transparency while noting that some progress had been made. The group called on OFAC to release its quarterly and annual reports in a timely manner, issue proposed regulations that offer an opportunity for public comment when possible, and establish a private sector advisory committee for OFAC. The meeting also highlighted concerns raised previously in a letter that USA*Engage Co-Chair Bill Reinsch sent to Director Szubin over delays in issuing licenses under the AgMed program.

Director Szubin spoke about his desire for increased transparency, pledged to work to keep an open dialogue with the business community, and suggested that he and his team were looking at ways to reduce the adjudication time for licenses. He also indicated that the next OFAC report would be issued in October. Prior to his current appointment, Szubin served in the front office of the Under Secretary for Terrorism and Financial Intelligence. Before coming to the Treasury Department, he had been Counsel to the Deputy Attorney General.

Senate Ratifies Corruption Treaty Following USA*Engage Lobbying

The U.S. Senate voted by unanimous consent to approve the UN Convention Against Corruption prior to adjourning in September. USA*Engage strongly supported the effort to pass this treaty and joined with a coalition of other business groups and nongovernmental organizations to lobby for its timely passage by the Senate.

In a press release issued September 15, USA*Engage Co-chair Bill Reinsch said, “We applaud the Senate for ratifying the Convention before the end of the congressional session, as recommended by the Administration and members of the U.S. business community.” USA*Engage Director Jake Colvin also praised the Senate Foreign Relations Committee Chairman for his leadership in ensuring the swift ratification of the Convention.

Reinsch previously had testified before the Senate Foreign Relations Committee in support of the treaty. In testimony delivered on June 21, he noted that the UN Convention would level the playing field for American companies, support reform and anti-corruption efforts in developing countries, and would impose no new legal obligations on the United States.

In December, U.S. negotiators will begin international discussions about implementation of the Convention. Now that the Senate has ratified the UN Convention, the United States will be in a position to speak with a strong voice to ensure that it is implemented transparently abroad.

New Members

The NFTC would like to welcome Marie Kissel back to the Board of Directors. Marie formerly represented DaimlerChrysler Corporation, and has rejoined the Board representing Baxter Healthcare Corporation. The NFTC is glad to have Ms. Kissel back on the Board and looks forward to building a strong and lasting relationship with Baxter.

Stryker Corporation also recently joined the NFTC. Founded in 1941, Stryker manufactures and designs orthopedic implants and equipment. Steven Green, Manager, International Assignments, is the primary contact for this company, and the NFTC welcomes him and looks forward to developing lasting ties with Stryker Corporation.

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Iran Sanctions: Less Bad Policy is Still Bad Policy

After a day of debate among Senate leaders, the Senate followed the House lead and passed a new sanctions regime against Iran on September 30. The new bill, H.R. 6198, codifies sanctions that the President had in place under Executive Order governing U.S. firms, and adds additional targeted sanctions involving money laundering and weapons proliferation. It also changes the standard governing presidential investigations of foreign firms doing business in Iran.

Overall, this bill is of less concern for the business community than the earlier “Iran Freedom Support Act.” Gone is the particularly objectionable provision regarding subsidiary liability. In addition, the bill dropped a provision which would have added a host of new entities (e.g. insurers and foreign creditors) to the sanctions regime and financial reporting requirements, while restoring the five-year sunset provision. The bill also restored flexibility for the President in deciding whether to conduct an investigation of a foreign company. Indeed, the final bill addressed most of the concerns that USA*Engage – along with Business Roundtable, the Coalition for Employment Through Exports, NFTC and U.S. Council for International business – raised in a September 18 letter to Senators.

However, less-bad policy is still bad policy. As the September 18 letter suggests, “new legislation would seriously damage the on-going joint efforts to influence the Iranian regime, remove vital flexibility from the President and drive a wedge between the United States and our allies.” The letter also notes that “U.S. values and foreign policy goals are promoted best through on-the-ground diplomacy, commerce, people-to-people exchanges and humanitarian assistance,” and urges Congress to rethink its overall approach to sanctions.

USA*Engage commends Congressmen Earl Blumenauer and Jim Leach for speaking out against the Iran sanctions. These Members added their voices to the good arguments made by Senators John Warner, Joe Biden, Chuck Hagel and Carl Levin in June against strengthening sanctions during a time of delicate international negotiations.

U.S.-South Africa Business Council Presses for Access by U.S. Companies to South African Infrastructure Projects

The U.S.-South Africa Business Council has urged the South African government to ensure that U.S. companies have fair access to major infrastructure projects under the “Accelerated Growth Initiative South Africa, (ASGISA)” intended to launch the country’s economy onto a 6% growth path by 2014 and those connected to the 2010 soccer World Cup that will take place in South Africa. In meetings with South African Ambassador Masakela and in subsequent correspondence the Business Council has asked that the tender process be transparent and that American companies have a level playing field. The magnitude of the ASBISA and World Cup infrastructure projects is very significant and it is a priority of the Business Council to ensure fair access by U.S. companies.

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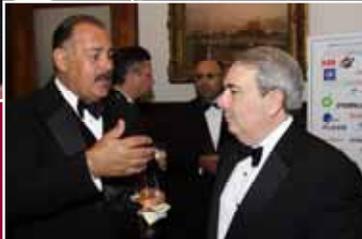
**2006 NFTC Annual World Trade Dinner & Award
Ceremony was a
Spectacular Success!!
Thanks to All for Sharing this
Wonderful Evening with Us in
Washington DC**



**If you didn't have a chance to attend in 2006, make sure you slot it in for 2007.
We'll be doing it again!**



More Highlights from the 2006 World Trade Dinner and Award Ceremony



Council Highlights - Calendar of Events

Date	Event	Location
October 24, 2006	Risk Management & the Global Workforce Seminar	Philadelphia, PA
October 26, 2006	Risk Management & the Global Workforce Seminar	Washington, DC
November 3, 2006	NFTC and Women In International Trade Lunch re: Trade w/Andean Region w/ AUSTR Eissenstatt	Washington, DC
November 7, 2006	India: Update on Business & Human Resources Seminar	New York, NY
November 8, 2006	Tax Steering Committee Meeting/Tax Lunch Forum - Speaker: Tricia Brown, Deputy International Tax Counsel, Treaty Affairs, Department of	Washington, DC
November 9, 2006	India: Update on Business & Human Resources Seminar	Detroit, MI
November 14, 2006	India: Update on Business & Human Resources Seminar	Chicago, IL
November 16, 2006	India: Update on Business & Human Resources Seminar	Santa Clara, CA
December 6, 2006	Tax Steering Committee Meeting/Tax Lunch Forum	Washington, DC
December 6, 2006	Global Mobility Seminar	Cleveland, OH
February 15, 2007	International Benefits Committee*	New York City
March 7-8, 2007	International Human Resources Management Conference	Houston, TX
March 20-22, 2007	Expatriate Management Committee*	Bentonville, AR
June 7, 2007	International Benefits Committee*	New York City
September 18-20, 2007	Expatriate Management Committee*	TBA
October 2-4, 2007	International Assignments Management Committee	TBA
October 11, 2007	International Benefits Committee*	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 James M. Schneiderman, (202) 464-2038, e-mail jschneiderman@nftc.org.

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This issue of Council Highlights brought



USA★ENGAGE



U.S.-South Africa Business Council

Partners in Progress



National Foreign Trade Council

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**NATIONAL FOREIGN TRADE COUNCIL ADVANCING
GLOBAL COMMERCE**