

# Council Highlights



NATIONAL FOREIGN TRADE COUNCIL  
ADVANCING GLOBAL COMMERCE FOR OVER 90 YEARS

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

August/September 2007 Issue

## Word From the President

**R**ecently I had the good fortune to be asked to comment on the future, specifically the future of the trading system. It turns out that the people spending lots of time in the U.S. government thinking about it are in the military, and I had the opportunity to participate in a seminar on changes in the world looking forward 10-20 years. My part of it concerned the trading system. The following is an excerpt from the speech that I'd like to share with you in the hope you find it interesting and perhaps useful.

"The factors that will define the global economic system in the future are the rapid and widespread dissemination of technology and the growth of global supply chains and global capital markets. Taken together, they will mean the narrowing of the gap between the U.S. and others, primarily Asia.

Advances in technology drive globalization. Technology speeds everything up. Today, communication is virtually instantaneous. Technology milestones pass by more and more quickly. Moore's Law, for example, tells us in essence that semiconductor performance capabilities double every 18 months. Software is out of date in half that time.

Second, globalization and advances in technology bring everything -- commerce, people, conflict -- closer together.

Third, technology is a great leveler. As it speeds production and shrinks space, the opportunity for more people -- good guys and bad guys -- to operate globally and acquire new technologies grows rapidly. That makes the world a more dangerous place because the same globalization that is bringing the world together for economic growth and prosperity is also making dangerous technologies more accessible. If everything is made everywhere, how do we control it?

*(continued on page 14)*

## USA\*Engage Hosts Cuba Discussion for Members Featuring Congressman

USA\*Engage hosted a discussion and reception on June 18 headlined by Chairman of the House Ways and Means Committee Charles Rangel (NY) and Chairman of the House Agriculture Committee Collin Peterson (MN) and fourteen other Members of Congress. The event, which was held in conjunction with The Center for Democracy in the Americas and The New America Foundation, highlighted the need for "Restoring Common Sense to U.S. Cuba Policy." USA\*Engage and Congressional leaders echoed the need to reform U.S. Cuba policy to pave the way for trade, direct contact between the U.S. and Cuban people, and eventual normalization of the bilateral relationship.

Many of the Members in attendance delivered brief remarks. Rep. Rangel noted that, "There's so much hypocrisy that drips from this [policy] that we owe it to ourselves to try to find out what works. And what works is for Cubans to get to know us, for Castro not to be able to say that every problem that they have over there is due to the embargo, to help some of our people in farm country, to help [the Cuban] people with chicken, rice, pork -- all the things that they're going to Europe for."

*(continued on page 6)*

### Inside this issue:

International Trade & Export Finance	2
International Tax Policy	5
USA*Engage	6
Middle East Free Trade Coalition	7
International Human Resources	8
New Members	13
Calendar of Events	16

# *International Trade and Export Finance*

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## **WTO Chairmen Issue Texts on NAMA and Agriculture**

Important progress was made recently in the Doha Round of multilateral trade negotiations with the issuance of Chairmen's draft texts on two core issues in the Doha Round - Non-Agriculture Market Access (NAMA) and Agriculture. The texts provide what the Chairs have called a middle ground and compromise set of modalities and other provisions based on in depth consultations with members and proposals which have been tabled. They view the texts as requiring all 150 members of the WTO to make some commitment to reducing barriers to trade in industrial goods and agriculture. The texts are detailed and complex.

The NFTC welcomed the texts as an important step forward, especially in the wake of the recent collapse in the G-4 talks involving the U.S., EU, Brazil and India. Both Chairmen expect to revise the texts based on WTO member input sometime in September.

Based on a preliminary review, one area of concern of the NFTC is the suggested range of 19 to 23% in the "coefficient," which will determine away the NAMA tariff cutting formula for developing countries. The NFTC called for a more ambitious range of 15-19 % to ensure that real new market access is achieved. The NFTC plans to examine the range of suggested coefficients on a list of core products in key markets to determine to better gauge the actual tariff cuts that would result from the Chair's suggested formula.

## **NFTC Meets with U.S. Executive Director of the World Bank on Procurement Issues**

As part of an ongoing business effort on pending proposals at the World Bank to use national procurement rules on World Bank-supported projects on a pilot project basis, the NFTC and several other business groups and companies recently met with the US Executive Director of the World Bank for a detailed discussion of business concerns related to the proposal. Business groups have been engaged in this issue for more than two years due to serious concerns over the weak standards in the proposal and the potentially negative impact of the proposal on raising developing country procurement standards through a best practice approach by relying on current Bank standards. The proposals, if not crafted properly, would be counter to anti-corruption and improved governance initiatives, many of which are being led by the Bank.

The NFTC would like to hear from companies which are engaged in bidding on procurement projects supported by the World Bank to ensure you are aware of the pending proposal. For more information, please contact Mary Irace at [mirace@nftc.org](mailto:mirace@nftc.org).

## *News for Our Members*

### **FTA Agenda Front and Center of NFTC and Broader Business Lobbying Effort**

The NFTC continues to push for favorable action on pending FTAs with Peru, Colombia, Panama and Korea as part of broader coalition efforts on Capitol Hill. Despite a recent trade agreement between the House leadership and the Administration on how to proceed on the four FTAs in terms of major changes in the agreements on labor, environment and intellectual property rights, passage of the FTAs is an uphill battle, particularly with respect to the Colombia and Korea FTAs.

With the congressional August district work period upon us, the business coalition focus is to push for action in early fall on the Peru FTA, with action on the others to follow. The NFTC and other associations which are members of the Latin America Trade Coalition recently sent a letter to Congress urging favorable action on all three Latin FTAs.

The NFTC strongly urges its members to get involved by joining the business coalitions and by contacting the Members of Congress with whom you have a constituent relationship to urge positive action this year. For further information, please contact Mary Irace at [mirace@nftc.org](mailto:mirace@nftc.org).

### **NFTC Participates in Business Coalition on China Legislation**

The NFTC is participating in the coalition, led by the U.S.-China Business Council, to lobby Congress on various bills relating to China's currency policy, as well as food and product safety issues that have arisen recently. Of immediate concern are bills before the House Ways and Means Committee by Duncan Hunter (R-CA) and Tim Ryan (D-OH) and by Phil English (R-PA) and Artur Davis (D-AL) which will figure in an upcoming hearing. These bills offer remedies for the overvalued Chinese currency by authorizing anti-dumping and countervailing duties (see speech by NFTC president William Reinsch in this issue of Council Highlights). The expectation is that this, and potentially other legislation, will be combined into a single bill. Remedies for food and product safety concerns may also find their way into the legislation, although the business community would favor increased funding for Food and Drug Administration staff and for the Consumer Product Safety Commission.

### **NFTC's World Trade Dinner Set for October 2, 2007**

We hope you will join us at NFTC's Annual World Trade Dinner and Award Ceremony scheduled for Tuesday, October 2, 2007, once again being held in Washington, DC at The Corcoran Gallery of Art. The NFTC's World Trade Dinner has become a valued tradition among an elite group of senior corporate and public officials; a night topped off with dancing, socializing, and a formal address by our keynote speaker. Past speakers have included such respected figures as United States Trade Representative, Ambassador Susan Schwab; Secretary General of the United Nations, Kofi Annan; Director of National Intelligence, John D. Negroponte, as well as several Heads of State.

For more information contact the NFTC at 202-887-0278 or [nftcinformation@nftc.org](mailto:nftcinformation@nftc.org).

## News for Our Members

### NFTC's Board Meeting Held in Historic Annapolis

On June 22, The NFTC Board of Directors meeting was held in Annapolis, Maryland at the Historic Inns hotel. The evening before, the board members enjoyed a Chesapeake Bay sailing cruise aboard the Schooner Woodwind and reconvened later at the Federal House restaurant for dinner and drinks. At the conclusion of the dinner, Len Condon from Altria gave a presentation on relevant trade issues.



During the board meeting, President William Reinsch remarked on the successes the NFTC has enjoyed over the past year. Senior Vice President Anne Alonzo and the NFTC Membership Committee outlined their strategy for further membership recruitment. Following the meeting, David Attis from the Council on Competitiveness gave a presentation on the ability of the U.S. to compete in the global marketplace. A concluding discussion was led by Robert Hoffman from Oracle on the constraints on immigration to the U.S. and the recurring problems within the educational system.

### NFTC Bids Farewell to Anne Alonzo

NFTC bids farewell to its Senior Vice President Anne Alonzo as she moves to Kraft Foods on August 20, 2007. Anne will become Vice President, Global Public Policy, at Kraft Foods. Anne's portfolio will encompass global policy issues of increasing priority to Kraft including Health & Wellness, Sustainability and Tariffs, Tax and Trade.



Anne's contribution to the NFTC has been invaluable, including improving member relations and enhanced revenue generation during a time of transition. Anne is lauded with consistently performing her duties with real dedication, perseverance and an entrepreneurial spirit. NFTC owes Anne its deepest gratitude for her important contributions in helping stabilize the organization -- we could not have done it without her! In addition, most recently Anne has carved out a real niche and visibility for NFTC involving Latin America and the Hispanic communities commencing with her work on the passage of DRCAFTA to her present leadership on the pending Latin American Trade Agreements. *Best of luck Anne!*

A dark blue rectangular graphic with white text. At the top center is the NFTC logo, which features a stylized globe with the letters 'NFTC' inside. Below the logo, the text reads: 'Save the Date', '2007 Annual World Trade Dinner &amp; Award Ceremony', 'Tuesday, October 2, 2007', 'The Corcoran Gallery of Art', '500 Seventeenth Street, NW', 'Washington, DC', 'Reception 6:30 p.m. - Dinner 7:30 p.m.', and 'Black Tie'.

## *International Tax Policy*

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### **The NFTC Testifies at the July Senate Foreign Relations Committee Tax Treaty Ratification Hearing**

The Senate Foreign Relations Committee held a Tax Treaty hearing on July 17, 2007. Bill Reinsch, NFTC president, testified at the hearing. He commended early ratification of the tax agreements under consideration, including Tax Protocols with Germany, Finland and Denmark and a Tax Treaty with Belgium. His remarks followed those of John Harrington, Acting International Tax Counsel, U.S. Department of the Treasury, and Thomas Barthold, Acting Chief of Staff, Joint Committee on Taxation.

The agreements contain important provisions to eliminate the risk of double taxation furthering the trend of the administration to open trading relationships around the world. All of the Protocols and the Tax Treaty with Belgium include a reduction in the parent-subsidiary dividend withholding rate to zero. Eliminating the withholding tax on cross-border transactions advances the standard for future U.S. treaty negotiations. The move to eliminate related party dividend withholding is another important step in the standard set in recent agreements between the U.S. and the United Kingdom, Australia, Mexico, Japan, and the Netherlands.

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### **NFTC July Lunch Forum Focuses on Tax and Treaty Issues**

The NFTC Tax Committee was honored to hear remarks by Thomas Barthold, Acting Chief of Staff, Joint Committee on Taxation at the July 24 Tax Lunch Forum. Mr. Barthold outlined the issues discussed by the Senate Foreign Relations Committee during the July 17 tax treaty hearing. The committee reviewed the pending Protocols with Germany, Finland and Denmark and a Tax Treaty with Belgium. There are new mandatory arbitration provisions included in the German and Belgian treaties. Mr. Barthold wondered why Treasury added the arbitration provisions to the tax treaties, since they were not included in past treaties and the Model U.S. Tax Treaty does not contain an arbitration provision. He expects arbitration provisions to be included in future treaties, but does not believe that there will be enough experience with the early arbitration provisions to know if they are effective. Mr. Barthold said that it might take a decade or more to know if the arbitration provisions included in the German and Belgian treaties are helping to resolve disputes in a timely manner.

Mr. Barthold discussed the pending tax legislation and said that Congress is focused on smaller tax changes so far this year, rather than larger tax policy issues. He explained that the House and Senate are considering raising the tobacco excise taxes to fund the children's health care program. The House energy legislation includes a tax title, whereas the tax title did not pass the Senate. The Senate is likely to revisit the tax issues, either by attaching them to the House passed bill, or by adopting them as a stand-alone bill on the Senate floor before going to conference with the House on the energy legislation.

*(continued on page 12)*

## USA\*Engage Hosts Cuba Discussion for Members Featuring Congressman Rangel

(continued from page 1)

Referencing a bill introduced earlier this year with Representative Jeff Flake (AZ) to open travel to Cuba, Rangel concluded, “Normally, in the past, it was which side are you on because of who was sponsoring the amendment. Now it’s a bipartisan amendment. I hope it gets bipartisan support to break down the shackles and have honest debate about what’s good for America and the people of Cuba.”



*Rep. Charles Rangel with USA\*Engage Director Jake Colvin*

Other Members in attendance included Representatives Jim Cooper (TN), Jane Harman (CA), Jo Ann Emerson (MO), Yvette Clarke (NY), Gregory Meeks (NY), Bill Delahunt (MA), Bob Etheridge (NC), Rosa DeLauro (CT), Lincoln Davis (TN), Collin Peterson (MN), Earl Blumenauer (OR), Jim Moran (VA), Ruben Hinojosa (TX), Jan Schakowsky (IL) and Dave Loebsack (IA).

“We very much believe that we need to have some changes in the way we trade with Cuba. This is a big potential market for us in agriculture,” said Rep. Peterson, who may seek to include Cuba-related provisions on the farm bill this year. “We are going to do everything we can to make sure not only that we open up trade with Cuba on agriculture, but also open it up across the board.”

USA\*Engage continues to work with Members of Congress and our partners on and off the hill to encourage new thinking about U.S. Cuba policy.

## NFTC Opposes California Sudan Sanctions Bill

The California Assembly passed a bill, AB 1089, in June, that mandated divestment by California pension funds from companies with business ties to Sudan and also prohibited state procurement from such companies. The California Senate Government Organization Committee held a hearing on the bill on July 7. On July 6, NFTC president William Reinsch wrote to Senator Dean Florez, the committee’s chairman, urging the committee not to pass the legislation in light of the 2000 U.S. Supreme Court decision in *Crosby v. NFTC*, which ruled that “selective purchasing” sanctions, that is those that forbid procurement on foreign policy grounds, are unconstitutional. The California committee did, however, pass the bill out by a 7 to 1 vote. It is now before the Senate Appropriations Committee. Members who would like more information on this, contact Dan O’Flaherty at [doflaherty@nftc.org](mailto:doflaherty@nftc.org).

# *U.S. – Middle East Free Trade Coalition News*

## **“TIFA Plus” Consultations with UAE**

On June 29, a delegation from the government of the United Arab Emirates met with its U.S. counterparts to discuss a range of issues under the Trade and Investment Framework Agreement. In the absence of congressionally authorized Trade Promotion Authority, Free Trade Agreement negotiations are no longer feasible. Among the issues discussed in the consultations were possible reform in intellectual property rights, standards, and the possibility of negotiating a digital economy agreement encompassing IPR, services and telecom issues, modeled after similar initiatives with APEC.

The UAE also reported changes to its Commercial Agencies Law. According to the U.S. Embassy in the UAE, while the amendments to the agency law do not eliminate the agency requirement, they do provide that:

- Mutual consent is required in order to renew an agency contract
- Agency contracts are limited to a fixed time period
- Either party may file for damages
- Eliminates Ministry of Economy's Commercial Agencies Commission (which handles disputes)
- Allows the import of "liberalized goods" without the agent's approval

It is anticipated that there will be ongoing communications between the TIFA plus technical working groups with the next consultations occurring in roughly six months in the UAE.

## **Oman FTA Update**

The US-Oman FTA is about to cross the last remaining hurdle to its entry into force. The Sultanate of Oman will soon issue four royal decrees in the areas of telecommunications, government procurement, customs and IPR, which will pave the way for the U.S. President to certify that all commitments agreed to in the FTA are now in place. Labor reform commitments, which were scrutinized by Congress before the U.S. vote on the agreement, were fully implemented by the Omani government by the beginning of this year. It is likely the agreement will enter into force this fall.

## **Implementation Consultations on Morocco and Bahrain FTA's**

These FTA's contain provisions for the regular meeting of a governmental bilateral joint committee to assess the success of implementation of the agreement and resolve any issues in business accessing the benefits of the FTA. This autumn the US-Morocco FTA Joint Committee will meet for the first time since that agreement's entry into force in June of 2006 and the U.S.-Bahrain FTA Joint Committee will also hold its inaugural meeting since this agreement's entry into force on August of 2006. We encourage NFTC members to contact Chuck Dittrich at [cdittrich@nftc.org](mailto:cdittrich@nftc.org) with any issues related to accessing these FTA's that you would like to include on the committee agendas.

# *International Human Resources*

## **Powering Organizational Excellence In The Age Of Global Talent**

The NFTC's 13th Annual International Human Resources Management Conference welcomed approximately 165 global workforce management professionals to the New York Athletic Club on July 18th & 19th.

The central theme - Powering Organizational Excellence In The Age Of Global Talent - embraced the core issues of global workforce management including: Global Talent Management, Global Mobility Management, Cross-border Mergers & Acquisitions; Branding, Compliance, and Risk Management; Emerging/Developing Markets; Global Benefits & Compensation Management; and Immigration.

Conference sessions enabled participants to discuss and explore challenges, solutions, lessons learned, case studies, and trends within an advanced IHR specific context combined with wide-ranging business, social, and geo-political perspectives.

Austin Fragomen, Jr. Esq, Managing Partner, Fragomen, Del Rey, Bernsen and Loewy LLP co-presented with William (Bill) Reinsch, President, NFTC on USA Immigration Reform. A globally focused immigration presentation, Immigration and Global Human Capital Management, was given by a Partner of Fragomen, Del Rey, Bernsen and Loewy LLP along with a Human Capital Management Specialist from Goldman Sachs. A highlight of this session was of the demographic trends (especially in Western Europe, Japan and China) and restrictions on cross-border business-related immigration that are colliding with expansion in existing and emerging markets which opened an in-depth discussion amongst the conference participants.

Laurette Bennhold-Samaan (Senior Manager, Global Mobility) and Barbara Muhlenberg (Manager, Global Mobility) both with Accenture along with Lisa Johnson, Director, Cartus provided a case study on Linking Global Mobility To Sound Talent Management.

Co-presenting Successfully Integrating Cross-Border Mergers & Acquisitions: Managing Your Key Asset - People was Tony Justice, Director - Mergers & Acquisitions, Owens Corning and Stéphane Brahy, Director -Global Performance Solutions, Cartus.

Additional presentations and discussions included: Capitalizing On Global Mobility To Achieve Business Objectives; Global Health Programs; Doing Business and Managing Talent in India, China, And Russia Today; Global Benefits and Compensation, The Role of Branding & Good Governance In Global Workforce Management; Compliance, Risk Management, Cross-Border Tax, Global Talent Management (sourcing, recruiting, developing and retaining); and Insourcing (Case Study).

The NFTC extends its sincere appreciation to the entire faculty which included experienced International Human Resource and business executives from Accenture, Bank of America, BP, Citigroup, Corning, Dell, GE, Goldman Sachs, Johnson & Johnson, Owens Corning, Pfizer and Reuters. Additionally there were subject matter experts from Aetna Global Benefits, Cartus, Ernst & Young, Fragomen, Del Rey, Bernsen and Loewy LLP, and the NFTC.

Finally, we wish to thank all of our guests for their participation in making this conference one of our most valuable forums.



*Bill Sheridan –Vice President, NFTC; Tony Justice, Director-Mergers & Acquisitions ,Owens Corning; & Stéphane Brahy-Director-Global Performance Solutions, Cartus*

## *International Human Resources*

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### **Multinational Employers Continue to Be Affected by National Immigration Laws that Restrict or Prohibit the Employment of Cross-Border Assignees, Spouses or Partners**

The NFTC has been closely monitoring this issue for over 10 years. While nationals of European Union (EU) member states can work anywhere within the EU this facility is neither open to non-EU citizens nor provided elsewhere. As a consequence many potential cross-border assignments are refused. Unfortunately, this is happening at a time of critical talent shortages when many Multinational Companies (MNCs) are expanding their global reach.

A solution has been evolving in recent years primarily within France, the Netherlands and the U.K. with limited, to date, involvement of U.S.-based MNCs. An umbrella organization, the Permits Foundation, has been established in the Netherlands. It currently includes such NFTC members as: BP, BT, ECA International, GlaxoSmithKline (GSK), KPMG, ORC Worldwide, PriceWaterhouseCoopers, Shell and Schlumberger. There are over 25 more MNCs actively supporting "Permits".

The NFTC sees the collaboration of major MNCs as a significant voice to host country immigration authorities. The end result can be a "Win/Win" for spouses and partners of expatriates, corporations in their own self-interest in getting employees to take assignments, and to host country employers who can expand their human resource talent pool.

Outlined below are some recent activities of Permits.

France joins growing list of countries that allow family members to work during an assignment - Permits Foundation continues to promote change worldwide  
From: Permits Foundation

France is the latest country to allow family members of skilled international staff to work during an assignment. The changes, which apply to intra-group transfers and a new category for 'competences and talents', were part of the 2006 Immigration and Integration Law, implemented in May 2007.

The change has been applauded by Permits Foundation, which promotes open work permits for the spouses and partners of international staff worldwide.

"These new measures recognize our efforts in France over several years" says Gill Gordon, director of executive compensation of Schlumberger and chairman of the board of Permits.

#### *Foundation*

Concerns about dual careers and partner employment are the main reason why staff turn down an international assignment. Being uncertain of a work permit is part of the problem. Permits Foundation is successfully tackling this worldwide. "This is a global issue affecting men and women of all nationalities," continues Gill Gordon. "Our strategy is to raise awareness of best practice and approach countries that are important to international business. Governments increasingly recognize that allowing partners to work helps to create an attractive climate for international trade and investment and highly skilled, mobile employees."

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# International Human Resources News

## Global HR News Q&A with Bill Sheridan



**GLOBAL HR NEWS:** When did you become involved with National Foreign Trade Council (NFTC)?

**Bill Sheridan:** I first got involved with the NFTC about 30 years ago while working as a Senior Compensation Specialist for Caltex Petroleum (long-running offshore joint venture of Chevron and Texaco), as a user of NFTC expatriate data. In 1990, while working as a Senior Consultant for Arthur Andersen we co-marketed some IHR programs with the NFTC. I then joined the NFTC in 1992.

**GLOBAL HR NEWS:** How/why did it occur?

**Bill Sheridan:** I found the membership of the NFTC to be ready to look at new issues regarding all aspects of international human resources. With my combined corporate and consulting experience I could see how appropriate and innovative external resources could be brought to the attention of the corporate practitioners.

**GLOBAL HR NEWS:** What was your prior position?

**Bill Sheridan:** In addition to my experience at Arthur Andersen I had held senior corporate positions, primarily in compensation and benefits management at Barclays Bank, American Express, Caltex Petroleum and Continental Grain Company.

**GLOBAL HR NEWS:** Please describe your current responsibility at NFTC?

**Bill Sheridan:** My primary role is to facilitate the exchange of experiences and ideas amongst the broad range of members from NFTC sponsor employers. While the majority of NFTC sponsors are Multi-National Corporations our membership also includes the major global accounting and law firms, as well as the top tier international human resource management and business consulting firms and relocation management service providers.

**GLOBAL HR NEWS:** How does your role "mesh" with the NFTC lobbying efforts?

**Bill Sheridan:** The primary mission of the NFTC for over 90 years has been advocacy for open markets for cross-border trade, investment and the movement of business-related people. On the IHR side we provide input to such agencies as the Social Security Administration (on bi-lateral social security totalization agreements), the Internal Revenue Service (on Section 911 and other corporate tax issues), and to the State Department and Homeland Security on the need for sensible administration of business-sponsored immigration legislation and administration. My colleagues in our Washington, DC office focus on such areas as free trade agreement negotiations, which usually include business-related immigration facilities and on corporate tax issues that are part of bi-lateral tax agreements.

**GLOBAL HR NEWS:** What are some of the top issues facing multinational HR leaders ?

**Bill Sheridan:** The shortage of skilled talent in almost every sector of the economy ( high tech, research and development, engineering, oil and gas exploration, etc.). Demographic patterns in Western Europe, North America and Japan are forcing MNCs to source and develop talent from new places (i.e., Eastern Europe) to support growth in emerging markets. Related to this is the better coordination of manpower planning/career development with the usage of cross-border assignments.

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# *International Human Resources News*

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*(continued from page 10)*

**GLOBAL HR NEWS:** As a follow-up question, are some industries facing more difficult circumstances in places they need to send people?

**Bill Sheridan:** Yes indeed. For example the current and foreseeable energy and resource bubbles are leading oil & gas and engineering & construction companies into western Africa, Central Asia, and offshore India. This business imperative is bumping up against shortage of skilled talent, and the retention of talent that a company may already have. Besides monetary incentives, smart companies are developing new ways to hold onto business-critical staff. One good example is Fluor Corporation who's theme is ATTENTION EQUALS RETENTION, a simple sounding concept that does require a lot of attention and management support, but one that can give them a competitive edge.

**GLOBAL HR NEWS:** How do you view "Leadership" relative to multinationals, corporate strategy and "world trade" and International Assignments?

**Bill Sheridan:** For the first time in years we are hearing more about the development of global business leaders. Several years ago one of the major international search firms, Lamalie AMROP, co-sponsored a survey with Harvard Business School wherein several hundred CEOs around the world were asked about their business and human resource priorities. Regardless of home-country the CEOs overwhelmingly identified global business leader development as one of THEIR priorities. The same study also included a large number of high potential employees. At that time there was a significant gap between what the CEOs articulated and what high potential employees saw happening personally. This study was conducted before the DotCom bubble-bust. Then for a few years cross-border assignments were rarely used for career-development. Now that the global and US economies are stronger, talent pools are smaller, and long-term needs are increasing, more attention is being placed on leader development. We have heard directly from companies in the Energy Sector (major Oils, Offshore Drillers), Engineering & Construction, Accounting Firm, Telecommunications, High Tech, Consumer Product, Chemical and Consulting Sectors that business opportunities abound outside the employer's national boundary and to sustain that growth colleagues with a depth of international experience is the rule not the exception.

**GLOBAL HR NEWS:** ...and now lets learn more about you... in your off-work times... What are your favorite foods?

**Bill Sheridan:** Really good burgers and pommes frites.

**GLOBAL HR NEWS:** Do you like to cook?

**Bill Sheridan:** Not really.

**GLOBAL HR NEWS:** What book are you currently reading?

**Bill Sheridan:** The Biography of Sherlock Holmes.

**GLOBAL HR NEWS:** What book did you recently finish reading?

**Bill Sheridan:** "1491" about pre-Columbus America's

## *International Tax Policy*

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### **The NFTC Testifies at the July Senate Foreign Relations Committee Tax Treaty Ratification Hearing**

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The NFTC has been a long time advocate of removing the withholding tax on parent-subsidary dividends. Without a zero rate, the combination of the underlying corporate tax and the withholding tax on the dividend will often leave U.S. parent companies with an excess of foreign tax credits that are unusable. The result is that cross border investments have a lower rate of return, putting U.S. companies at a competitive disadvantage when compared to their foreign counterparts that are not subject to the additional tax.

The German Protocol provides for mandatory arbitration on certain cases that cannot be resolved by the competent authorities within a specified period of time. The provision is the first of its kind in a U.S. tax treaty. The Belgium Tax Treaty also includes a mandatory arbitration provision that covers all cases where the competent authorities cannot reach agreement. NFTC member companies view tax treaty arbitration as a tool to strengthen, not replace, the existing treaty dispute resolution procedures conducted by the competent authorities. The existing procedures work well to resolve the great majority of disputes with the great majority of treat partners, but they are not always adequate to address the most problematic cases and relationships. The inclusion of the arbitration provisions in the German Tax Protocol and the Belgium Tax Treaty will greatly facilitate the mutual agreement procedures in all competent authority cases.

The Senate Foreign Relations Committee must approve the agreements before they move to the Senate floor for approval. The Committee will make a recommendation regarding the agreements and they will be reported to the Senate floor where they must be passed by two-thirds of the members present. The final phase of the ratification process involves exchanging instruments of ratification with Germany, Finland, Denmark and Belgium before the agreements become effective.

### **NFTC July Lunch Forum Focuses on Tax and Treaty Issues**

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Other tax issues currently being discussed by the Senate Finance Committee and the House Ways and Means Committee include: 1) an extension of the AMT patch, 2) a change in the tax treatment of publicly traded partnerships, 3) a change in the tax treatment of carried interest, 4) eliminating private debt collectors, and 5) putting a hold on the withholding tax applied to government contractors. Mr. Barthold said that under the current budgetary pay-go requirements, it will be more difficult for members to pass expensive tax changes without raising revenues to fund those changes. Many Democratic members from swing districts are not anxious to raise revenues through tax hikes, even to pay for popular tax breaks, such as the repeal of the AMT.

The NFTC Tax Committee holds six tax lunch forums each year. Topics range from technical tax issues to political tax matters. The annual NFTC Fall Tax Conference will be held in Washington, D.C. on September 20-21.

## News for Our Members

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### New Members

The NFTC welcomes new International Tax member Sullivan & Cromwell LLP. Sullivan & Cromwell is an international law firm headquartered in New York with other offices located in financial centers in Asia, Europe and the United States. Founded in 1879 by Algernon Sydney Sullivan and William Nelson Cromwell, the firm now comprises over 600 lawyers that serve an exceptionally diverse clientele. Clients served include industrial and commercial companies, financial institutions, private funds, governments, educational, charitable and cultural institutions, and individuals, estates, and trusts. The NFTC is looking forward to a great working relationship with Sullivan and & Cromwell. For more information, visit their website: <http://www.sullcrom.com/>.

The NFTC is pleased to welcome BHP Billiton as a new Human Resources member. BHP Billiton, formed by the merger of Australia's Broken Hill Proprietary Company and the United Kingdom's Billiton in 2001, is one of the world's largest mining companies. Headquartered in Melbourne, Australia, BHP Billiton is made up of 38,000 employees working on more than 100 operations in approximately 25 different countries. The NFTC is looking forward to a great future with BHP Billiton. For more information, visit their website: <http://www.bhpbilliton.com>.

The NFTC welcomes new Human Resources member Alliance One International. Headquartered in Raleigh, North Carolina, Alliance One is one of the world's leading independent leaf tobacco merchants. Alliance One purchases tobacco in over 45 different countries and subsequently serves manufacturers of cigarettes and other consumer tobacco products in over 90 countries. Alliance One was formed on May 13, 2005 as a result of the merger between tobacco processing leaders DIMON Incorporated and Standard Commercial Corporation. The NFTC is looking forward to working with Alliance One. For more information, visit their website at <http://www.aointl.com>.

### Upcoming NFTC 2007 Tax Committee Fall Meeting

The annual NFTC Fall Tax Committee Meeting will be held in Washington, DC, September 20– 21. The meeting will begin with a reception and dinner the evening of Thursday, September 20th. The meeting will continue Friday morning, September 21st and end with a reception and lunch. Michael Mundaca, Deputy, Assistant Secretary to the Treasury for International Tax Affairs, has been invited as the honored keynote dinner speaker.

The meeting will kick off with a panel of senior legislative tax staff moderated by Nick Giordano of Washington Council Ernst & Young. The panelists will discuss tax legislation and offer their forecast for the remainder of the 110th Congress and their predictions for the next session. Tax officials from the U.S. Treasury and the Internal Revenue Service will round out this year's agenda. For more information, contact Catherine Schultz, Vice President for Tax Policy, at [cschultz@nftc.org](mailto:cschultz@nftc.org).

*The National Foreign Trade Council is a leading business organization advocating an open, rules-based global trading system. Founded in 1914 by a broad-based group of American companies, the NFTC now serves hundreds of member companies through its offices in Washington and New York.*

# *News for Our Members*

## **Word From the President**

*(continued from page 1)*

Fourth, just as the growth of commerce in the last century brought about the decline of states' rights versus federal authority, globalization will bring about a decline in nations' rights and a growth of supranational and transnational entities and transnational problems – environment, health pandemics, financial crises – that will demand the institutional structures the previous speaker discussed. Ironically, as countries become less important, we're likely to see more of them.

Fifth, technology is enabling new “bottom-up” pressures. Grassroots advocates have tools and organizing capabilities that dwarf the capacity of 20-30 years ago. Call them hypermobilized, hyperempowered agitators. They influence policy in ways that are often unexpected – and for which we are often unprepared.

Sixth, post-Cold War, we are still transitioning to a new era, which in economic terms will be “non-polar.” Some states may be preeminent by virtue of size and strength, but their influence over others will be increasingly limited. The gap between the US and everyone else will continue to narrow, not because we are declining, but because others are catching up. That means that the United States, which for years has been the linchpin of the global economic system for strategic as well as economic reasons, will be less able or willing to make sacrifices for the good of the system because our domestic politics will not permit it. We can't turn back the clock. The world is becoming flatter, faster, and closer together. The winners will be those who run faster. If we want to maintain the capability gap between ourselves and others, outpacing their development is essential. Holding them back no longer works very well.

The global supply chain will expand; trade and cross-border investment will continue to grow even if we never sign another trade agreement. The Doha Round will eventually succeed at some level – probably in 2009 or 2010 - - and will be followed by another one. The trend of liberalization over time is clear. Anyone who looks at the data can see that countries that are globally engaged grow and countries that are not, stagnate. Continued liberalization will help the new drivers of global growth, particularly China and India, and bring both benefits and challenges to us.

The key economic dilemma in the future will be dealing with globalization as a force for both stability and instability as it simultaneously pushes countries to conform to market principles and to Western norms of rule of law yet at the same time rides roughshod over deeply ingrained cultural values, exacerbates growing problems of income inequality, exploitation of workers, women, and children, and contributes to environmental degradation and resource depletion.

By the way, these are not really trade problems, but they end up being treated that way for two reasons. First, it's always easier to blame the foreigners than yourself for your problems, so most bad economic developments are blamed on trade and lead to demands for protection.

Second, the WTO is the only multilateral organization that has an effective dispute resolution mechanism, so nations have an incentive to define their problems as trade grievances so they can take them there.

Negotiating better rules to deal with these problems, though, is beyond the WTO's capacity. Don't look for its death, -- old organizations rarely die -- but look instead for growing interest in a “dual-speed” system, where countries prepared to take more globalization risks in the interest of more rapid growth will get together and liberalize faster on their own terms. Others will be left behind in the expectation that when they see their neighbors growing faster, they'll climb aboard the train.

*(continued on next page)*

## Word From the President

*(continued from page 14)*

Even so, there are constraints that all countries will face:

1) Growing demand for resources, particularly energy, will lead to sustained price increases and periodic shortages, which in turn could slow growth, contribute to price pressures in the economy, and become the source of future conflicts.

2) Continued sparring over environmental degradation. The rich countries show signs of getting religion on the subject; the poor ones will continue to view it as a plot to hold back their industrial growth. All of us continue to cling to the fantasy that we can clean up the environment and solve global warming without compromising economic growth or significantly changing our lifestyles. Learning to live with limits promises to be one of the important but painful lessons of the 21st century.

3) Global capital markets will grow in size and volatility. When money moves around the world at the click of a mouse, financial panics in one country can spread quickly, and current institutions are ill-equipped to prevent them. As a result, more than ever before the Golden Rule will apply – he who has the gold makes the rules. On the plus side, Western financial institutions' rules will focus on rule of law, transparency, and anti-corruption, all essential elements of a global trading system. On the minus side, the rules will do little for income inequality and the other social issues I mentioned.”

## Multinational Employers Continue to Be Affected By...

*(continued from page 9)*

### *USA*

In 2001, the Foundation supported a US employers' coalition, led by ACIP and the US Chamber of Commerce, which successfully lobbied for work authorization for spouses of L and E visa holders. While this was a great step forward, other countries have continued to move ahead. In the USA, employment authorization applies only to married spouses and takes up to three months to get. The inability of H-1B spouses to work is a growing concern to many US employers. A number of other countries allow spouses, partners or family members to work as soon as their temporary resident visa is issued.

### *Europe*

Within Europe, the UK, The Netherlands, Belgium, Denmark, Finland, France, Germany and Sweden now allow family members of non-EU citizens to work, with some variations in the criteria and procedure. The foundation has also advocated change across the European Union, which has grown to 27 member states.

### *Other Countries*

In 2006, Hong Kong introduced regulations allowing spouses of professional staff and capital investors to work without prior approval of the Immigration Department. Other countries with favorable arrangements include Argentina, Australia, Canada, New Zealand and Singapore. With the growing importance of Asia as a business destination, Permits Foundation is expanding its efforts there.

### *Support*

More than 40 international companies and organizations support the Foundation, including Schlumberger, Shell, PwC, Unilever, Siemens and GlaxoSmithKline.

*(continued on page 16)*

## Calendar of Events

Date	Event	Location
September 18-20, 2007	Expatriate Management Committee*	Portland, OR
September 19-20, 2007	NFTC Fall Tax Meeting	Washington, DC
October 2, 2007	Annual World Trade Dinner & Award Ceremony	Washington, DC
October 2, 2007	Board of Directors Meeting	Washington, DC
October 2, 2007	NFTC Annual Meeting	Washington, DC
October 2-4, 2007	International Assignments Management Committee	TBA
October 11, 2007	International Benefits Committee*	New York City
November 13, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC
December 11, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC

*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 please contact us at [nftcinformation@nftc.org](mailto:nftcinformation@nftc.org) or 202-887-0278.*

## Multinational Employers Continue to Be Affected By...

*(continued from page 15)*

Peter Hawthorne, Global Mobility Director of GSK explains. “Being a sponsor demonstrates our support for international mobility and dual careers. It supports our attraction policies and shows staff that we care about an issue that affects their career and family life. It also supports our policies of social responsibility, equal opportunity and diversity and our aims to be a best practice international employer.”

The Foundation advocates change to governments, either directly or through local employer networks.

“It is important to be able to show governments that we have had a broad basis of support,” continues Peter Hawthorne. “The foundation is actively seeking new sponsors, particularly from US and Asian companies.” For more information, visit [www.permitsfoundation.com](http://www.permitsfoundation.com).

## Highlights from the NY International HR Management Conference

*Presenters Barbara Muhlenberg, Manager-Global Mobility, Accenture & Laurette Bennhold-Samaan, Senior Manager-Global Mobility, Accenture and Lisa Johnson, Director-Consulting Services, Cartus*



*Bill Sheridan, Vice President, NFTC, Austin Fragomen, Managing Partner, Fragomen Global & Bill Reinsch, President, NFTC*

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**National Foreign Trade Council**  
E-mail: [nftcinformation@nftc.org](mailto:nftcinformation@nftc.org)  
[www.nftc.org](http://www.nftc.org)

**Washington DC Office**  
1625 K Street, NW, Suite 200  
Washington, DC 20006  
Phone: 202-887-0278  
Fax: 202-452-8160

**New York Office**  
2 West 45th Street, Suite 1602  
New York, NY 10036  
Phone: 212-399-7128  
Fax: 212-399-7144

**For membership opportunities, please contact us at  
[nftcinformation@nftc.org](mailto:nftcinformation@nftc.org) or 202-887-0278.**

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