

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

February/March 2007 Issue

## Word From the President

Usually one needs to be wary of last minute legislative surprises at the end of a Congressional session when it is common on the part of both parties to play those kinds of games. Now, however, we unfortunately have an unpleasant surprise at the beginning of a new Congress in the form of Title XIII of H.R. 1, the House-passed bill intended to implement the 9/11 Commission recommendations.

This title would create a new set of sanctions for entities – countries, companies, individuals – that assist in the development of nuclear weapons programs by states that are currently presumed not to have them. As usual, Iran and North Korea are the intended targets, but the actual language – which was not subject to hearings or even committee review in the House – goes farther than that, as does the concept of what constitutes “assistance.”

First, that term is defined to include financing and transport as well as sales and transfers, so banks and other financial institutions and shipping companies, among others, are potentially implicated.

Second, the sanctions are broader than in current law and, through use of the ever-popular “notwithstanding any other provision of law” clause, supersede other statutes. Sanctions on the guilty would include a ban on U.S. export licenses (both dual-use and munitions), a virtual ban on make our foreign aid subject to new conditions, requiring determinations that foreign governments are “fully cooperating” with the U.S. in stopping nuclear weapons technology transfers and are not cooperating with nuclear-related smuggling.

Fortunately, we have some help on this bill, as the Administration has come out in opposition to it via a Statement of Administration Policy. This statement highlights the broad range of countries potentially subject to sanctions, including Pakistan. Our own review of the language suggests that others, including Russia, China, and several Gulf States could also be affected.

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## NFTC Lawsuit Update; Illinois Sudan Sanctions Law

Judge Kenelly of the Federal District Court for the Northern District of Illinois heard oral arguments in December in *NFTC v Topinka*, the NFTC lawsuit challenging the Illinois Sudan sanctions law. He said he would issue a ruling within the next three to four weeks on the combined petition for a permanent injunction and on the merits. The judge was engaged and exhibited a full understanding of the issues involved.

The state agreed to stipulation, obviating a challenge to the facts of the case. Kennelly raised the issue of how the state sanctions conflict with federal sanctions and the basis for the NFTC claim of federal pre-emption, specifically whether it was based on the Federal government having pre-empted by virtue of occupying the field via federal sanctions or via *Continued on page 3*

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## *International Trade and Export Finance*

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### **NFTC Endorses International Business Statement on Doha Round**

The NFTC, along with 18 other leading US and international business groups, issued a statement calling for the restart and successful conclusion to the Doha Round. Recognizing the narrow window of opportunity to achieve the necessary breakthrough in the talks, the statement stated that “failure of the Round is unacceptable” for business stakeholders and that WTO members must “re-start the negotiations with more flexible offers with the goal of achieving agreement on core elements of an ambitious and balanced outcome . . . within the next 2-3 months.”

It also underscored that “meaningful improvements in business conditions must be sought in parallel for manufactured goods, services and agriculture.”

*“...WTO members must “re-start the negotiations with more flexible offers with the goal of ...”*

The statement provided additional views on what an ambitious Doha Round means for business. On industrial goods, for example, commercially meaningful new market access should be achieved by reducing and eliminating tariffs and non-tariff barriers. On services, the goal should be to substantially improved multilateral commitments to tackle non-tariff barriers and provide new market access. On agriculture, the statement calls for balanced and ambitious liberalization in all three pillars under negotiation. Additional points include the need for a binding and reviewable trade facilitation agreement and a development package which includes duty-free, quota free treatment for least developed countries and an ambitious aid-for-trade package.

### **NFTC Trade Priorities in 2007 Include Approval of Pending FTAs, Concluding Doha Round, and Trade Education**

The NFTC expects a busy year ahead on a range of trade issues. Currently front and center are efforts by the leaders of the key trade committees to agree on how to best address Democratic concerns about labor issues in pending FTAs with Peru, Colombia and Panama. Discussions are ongoing between Congressmen Rangel and McCrery to find common middle ground on this issue with the support of the USTR. With current trade negotiating authority expiring at the end of June, agreement will need to be reached soon if these FTAs are to be considered under current TPA authority.

In addition to the successful passage of pending FTAs with key Latin American countries, other top trade priorities for the NFTC in 2007 include restarting and concluding the Doha Round, maintaining progress toward the establishment of a Middle East Free Trade Area (MEFTA), extending trade negotiating authority and engaging with new Members of Congress on the benefits of trade and importance of a forward-looking trade agenda.

*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*

## *News for Our Members*

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### **U.S.-Russia Trade Coalition**

A new US-Russia Trade Coalition has been formed to help educate members of Congress of the benefits of an expanding and strengthening the US-Russia trade and economic relationship through the eventual and commercially meaningful accession of Russia to the WTO and provision Permanent Normal Trade Relations (PNTR) status to Russia. The NFTC is a founding member of the coalition and it encourages its members to join the effort. Russia is one of the largest remaining economies outside the WTO. Its eventual membership will advance economic reform in Russia and open its market further to US business, as well as potentially resolve some longstanding commercial concerns related to doing business in the Russian marketplace.

For further information, please contact Mary Irace at [mirace@nftc.org](mailto:mirace@nftc.org)

### **NFTC Meets with Ambassador Bhatia on US-China Trade**

The NFTC recently held a meeting with Ambassador Bhatia on the US-China trade relationship. A range of issues were discussed including the outcome of the recent high-level Strategic Economic Dialogue (SED) held in China. The next meeting is expected sometime in May. The overall goal is to think more strategically about the relationship and engage in a constructive dialogue at the highest levels of government in both countries. It is a long term initiative with the hope that it will advance further positive change in the commercial relationship. At the same time, the USTR continues to examine the need for greater WTO enforcement of China's commitments. In addition to the recent auto parts dispute, the US has also launched a new WTO dispute settlement to enforce its rights on subsidies.

### **NFTC Lawsuit Update; Illinois Sudan Sanctions Law**

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a conflict of purpose between the state and federal sanctions.

Other issues raised included the extent to which the *Crosby* decision on the Massachusetts Burma law is a binding precedent, whether the state was acting as a market participant or a regulator, the status of the Maryland Supreme Court in the Baltimore South Africa divestment case, whether Illinois pension funds are state actors, why no private companies had been named (plaintiffs counsel pointed out that a trade association representing them has standing) and why there were no *amicus* briefs from other private and official organizations (such as the Justice Department and the EU) as there had been in the *Crosby* case. It was pointed out that those briefs had been filed during the appeals process and not with the District Court. Look for an announcement from the NFTC when his decision is handed down.

### **NFTC Calls for Timely Renewal of TPA and Reform of Farm Programs**

On January 30th, following a U.S. House Ways and Means Committee hearing on trade and globalization, NFTC hailed Members' emphasis on bipartisanship during the proceedings.

"Today's hearing on trade and globalization was a welcome development in building renewed bipartisanship on trade policy. We commend Congressmen Rangel and McCrery for their continued focus on developing a bipartisan consensus in support of a forward-looking trade agenda. In that regard, we applaud their efforts to find common

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### **2007 Winter Tax Committee Meeting Will Be Held On February 15 in Washington, D.C.; New Meeting Format**

The 2007 NFTC Winter Tax Meeting will be held on February 15 at the Renaissance Mayflower Hotel, in the East Room, in Washington, D.C. The format for the meeting has been changed for this year. The meeting will involve roundtable discussions of issues, rather than a panel-audience format. More NFTC member participation and an open dialogue with key policy-makers are anticipated.

The first speakers, former Treasury officials from both the Clinton and Bush Administrations, will discuss the future of international taxation, and will include a discussion of issues such as deferral, territorial tax systems, tax havens, and Subpart F. The second group discussion will focus on Treasury regulations. Steve Musher, Associate Chief Counsel International, IRS will lead a group discussion of the current regulatory situation. Treasury Deputy International Tax Counsel, Strategic Programs, Benedetta Kissel will direct the discussion on tax treaties. Eric Solomon, Treasury Assistant Secretary for Tax Policy is the featured luncheon speaker. The meeting promises to be interesting and informative. For more information, contact Catherine Schultz, Vice President for Tax Policy, [cschultz@nftc.org](mailto:cschultz@nftc.org).

### **NFTC, Hispanic Alliance for Free Trade and US Hispanic Chamber host Latin American Reception**

On January 25, 2007 several organizations including the National Foreign Trade Council, the Hispanic Alliance for Free Trade and the largest U.S. Hispanic business organization--the U.S. Hispanic Chamber of Commerce hosted a Latin American Reception for Hispanic leaders at the Residence of the Embassy of Colombia, Washington, D.C. The Latin American Reception focused on building hemispheric relations with Hispanic leaders and Latin American Embassies. The Reception served as a "Kick Off " to the upcoming US Hispanic Chamber's March 5-7 Legislative Conference/lobbying efforts. Approximately 150-200 Hispanic Leaders are expected to fly to Washington DC to participate in a major conference and lobbying day. This year, the US Hispanic Chamber will focus on immigration and trade issues important to the Hispanic Community including passage of the Colombia, Peru and Panama FTAs.



#### ***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*

## *International Human Resources*

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### **Annual International Human Resources Management Conference- Houston-March 7 & 8, 2007**

The NFTC will host its' annual international human resources management conference at The Houstonian Hotel on March 7 & 8, 2007. The theme of this year's conference is "One World Arena-One Global Workforce".

Multi-national employers are experiencing a current (and foreseeable) global shortage of technical, craft, general management and executive talent. These shortages are exasperated by business expansion into emerging and re-emerging markets in Africa, Central Asia, China, India, Eastern Europe and Russia.

Demographic trends and insufficient talent pools are forcing employers to be more creative in sourcing, developing and retaining enough new employees to meet global business demands. The experiences of major corporations will be shared at this conference.

The conference will focus on such business critical areas as:

- Global Workforce Planning
- Developing and Retaining Business Leaders
- Legal and Tax Compliance
- Human Resources Outsourcing and Insourcing
- Retention Tools-Compensation Programs and Training Programs
- Updates on Key Geographies, including Africa, Latin America and Russia

In addition to subject matter experts from AIRINC, Baker & McKenzie, KPMG and Prudential Financial there will be corporate speakers from:

Aker Kvaerner; Baker-Hughes; Bank of America, BP; Chevron; Conoco Phillips; DuPont; Fluor; Lafarge; Marathon Oil; Wal-Mart International and The World Bank.

For more information about the agenda and registration go to [www.nftc.org](http://www.nftc.org) or contact Laura Morales at [lmorales@nftc.org](mailto:lmorales@nftc.org) or at 212/399-7128.

### **Word From the President**

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At this point there is more work to be done to determine the potential full reach of the language – and we are doing it. I mention it in this column primarily because the provision thus far has been lurking under the radar and has been little noticed by anybody. We aim to change that and will be working with the Senate to make sure that senators understand the bill's real impact. I would encourage those of you who might be affected by it to take a close look at the language and send me your thoughts about it as well.

## *International Human Resources*

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### **Managing Healthcare Worldwide: Willis**

*An NFTC Member Resource*



Nearly \$4 trillion is now spent annually on healthcare worldwide, and the amount is increasing. Ten years ago there were only three countries where healthcare spending exceeded 10 percent of the gross domestic product (GDP). Today there are eight. Healthcare spending is increasing in every area of the world and it is increasing, in most places, faster than the general rate of inflation. The key drivers are clear:

- Aging population
- Advances in technology
- Growing middle class in emerging economies
- Increased usage of medical services
- Increased usage of medicines
- Widening focus on liability

Healthcare and its costs are a major social and economic issue across the globe.

How are organizations that buy health insurance plans responding? To answer that question, the Willis Employee Benefits Practice recently conducted an internal survey of our own international healthcare leaders. Fourteen countries representing all major geographical regions and including 1600 group clients covering 1.1 million lives were surveyed during August and September of 2006. Topics addressed included administration, eligibility, claims services and analytics, consulting and actuarial services, communications, and care management.

Companies in every market surveyed are realizing that they can help mitigate the trends that contribute to medical inflation by taking key steps.

- Educate employees on plan utilization
- Review plan designs and engage employees in the process
- Attempt to improve employees' health through implementation of wellness programs
- Institute proactive chronic disease management
- Partner with healthcare carriers in auditing fraud, errors and eligibility
- Encourage regular dialogue between healthcare providers and healthcare carriers

In some countries, these steps are new; in others they are not. In either case, implementation is not easy. The role of a healthcare broker or consultant can be critical. In fact, it is often necessary for such a partner to take an active leadership role if organizations are to achieve optimal quality and cost outcomes in the selection and implementation of their healthcare programs.

For most companies, employee benefits programs represent not only one of their most significant investments, but also a major opportunity to establish a competitive advantage. In an effort to seize this opportunity, organizations are looking to transform their human resource (HR) function and to develop a strategic approach that addresses cost and operational performance. Employers need creative, hands-on support and objective, professional advice. Decisions made today about benefits and compensation issues can influence corporate success for years to come.

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## *News for Our Members*

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### **MEFTA Coalition Steering Committee Meets with Deputy USTR John Veroneau**

The U.S.-Middle East Free Trade Coalition (MEFTA Coalition) Steering Committee met with John Veroneau, Deputy United States Trade Representative (USTR) recently to provide input on the formulation of USTR priorities for the Middle East Free Trade Area (MEFTA) Initiative.

The MEFTA initiative aims to expand free trade between the United States and the Middle East, encouraging economic development, transparent and accountable governance, and better standards of living for people throughout the region, and ultimately leading to the establishment of a formalized Middle East Free Trade Area by 2013.

The meeting was part of an ongoing dialogue between MEFTA Coalition members and U.S. government officials aiming to establish areas of priority in enhancing trade and investment in the Middle East. Among the items discussed was support for initiatives to strengthen the commercial relationship with Saudi Arabia, Egypt, the UAE, and Kuwait, and how to begin looking at ways to integrate the recent free trade agreements in the Middle East in anticipation of creating a Middle East Free Trade Area.

The U.S.-Middle East Free Trade Coalition is managed through a partnership of NFTC and BCIU, and the Steering Committee consists of 23 U.S. corporations and associations that guide the work of the coalition. For more information on joining the MEFTA coalition or its Steering Committee, please contact Chuck Dittrich, NFTC Vice President for Regional Trade Initiatives, at [cdittrich@nftc.org](mailto:cdittrich@nftc.org)

### **Managing Healthcare Worldwide: Willis** *An NFTC Member Resource*

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The challenge for employers is to balance the goal of competitive compensation with the greater-than-ever need to manage costs. This means translating corporate objectives into a benefits program that will meet the organization's financial and HR needs, while at the same time providing a total benefit/compensation package attractive and generous enough to help draw and retain the highest caliber employees over the long term.

The Willis Employee Benefits Practice offers a comprehensive variety of insurance brokerage, employee benefits consulting and human resource support services to organizations of all types and sizes. Headquartered in New York, the practice spans 110 countries and has a dedicated staff of more than 1,500 Associates, of which

two-thirds are located outside the US. Our three-point client value proposition is simple and clear:

- Control your costs
- Reduce your workload
- Educate and train your employees

For more information about the Willis International Benefits Survey, please contact Renato Cassinelli at 212/804 0576, [renato.cassinelli@willis.com](mailto:renato.cassinelli@willis.com)

## News for Our Members

### Staff Profile - Catherine Schultz, Vice President for Tax Policy, National Foreign Trade Council

With more than 25 years of international and U.S. tax policy experience, Cathy Schultz is an expert in the tax policy issue arena and is the newest member of the NFTC team. As VP for Tax Policy, Schultz oversees NFTC's legislative and tax treaty efforts and the International Tax Committee.

Before joining NFTC, Schultz was a principal at Capital Strategies Group, LLC, where she represented the interests of clients on pending tax legislation and served as a legislative advocate on international taxation, research and development, depreciation and capital gains issues. Schultz has also held leadership positions in the Tax Coalition, where she was a member of the Board of Directors and a Private Sector Chair.



Prior to her work at Capital Strategies Group, Schultz was director of tax legislation and regulatory affairs at Honeywell and before that she held a similar position with WorldCom. In addition, Schultz has been a tax policy analyst for a number of firms, including Miller & Chevalier, Hogan & Hartson and Caplin & Drysdale, among others.

Schultz holds a B.A. in Foreign Service International Affairs from the Pennsylvania State University. She also attended the University of Exeter, Exeter, England, and the University of Pennsylvania.

### NFTC Calls for Timely Renewal of TPA and Reform of Farm Programs

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ground on how best to address labor issues in the pending FTAs between the United States and Peru, Colombia and Panama,” said NFTC President Bill Reinsch.

In addition to approving pending FTAs with key Latin American trading partners, the NFTC believes timely passage of renewed trade negotiating authority – Trade Promotion Authority (TPA) – is essential to continued U.S. leadership on trade. According to Reinsch, “With recent positive signs that the United States, EU and other WTO members, are committed to achieving a breakthrough on the Doha Round to enable the trade talks to conclude on a timely and ambitious basis, TPA renewal will be critical to the ultimate success of the Round.”

*“...The United States must continue to lead on trade, including undertaking needed reform ...”*

“The United States must continue to lead on trade, including undertaking needed reform of its trade-distorting agriculture policies and enacting TPA in a timely way,” said Reinsch.

Reinsch continued, “If we achieve a breakthrough on the Doha Round in the next couple of months, we should consider approving a targeted and short-term one-year extension of TPA for the Doha Round to ensure it is completed within a year, while allowing a more fulsome and thoughtful debate on our broader trade agenda to proceed on a separate track, if necessary.”

“A successful Doha Round and vibrant multilateral trading system is in our strong national economic interest. The NFTC looks forward to working with Congress and the Administration in support of this critical objective by enacting legislation to renew TPA and a farm bill that is in line with our fundamental trade policy objectives,” concluded Reinsch.

## USA\*Engage Hosts Farm Groups, Members of Congress for Event on Cuba Trade

USA\*Engage hosted a policy discussion and reception on January 29th for the Commodity Roundtable on Capitol Hill with members of Congress and staff to press for changes in U.S.-Cuba policy. The event focused on the impact of the U.S.-Cuba embargo on the agricultural sector of the U.S. economy and followed a half-day policy roundtable on Cuba.

Paul T. Combs, Chairman of USA Rice Producers Group of the USA Rice Federation, indicated that the agricultural community expressed continual support over improving agricultural trade relations with Cuba and noted that the country was once the number one market for U.S. rice exports.



During the policy discussion, Representatives Sam Farr (D-CA), Jeff Flake (R-AZ), Jerry Moran (R-KS), and Vic Snyder (D-AR) delivered remarks about the prospects for change in the 110th Congress. Representative Jerry Moran explained the importance of Cuba's trade markets for U.S. agriculture and pointed out that the policies implemented by the U.S. government were sending signals to Cuba to find other markets for its products.

This event is one of a series of activities undertaken by USA\*Engage to promote changes in U.S. policies towards Cuba in light of the new Congress and changes in leadership in Havana

USA\*Engage Director Jake Colvin spoke to the Commodity Roundtable about the potential to change U.S. policies towards Cuba earlier in the day. Earlier in the month, USA\*Engage hosted Congresspersons Jo Ann Emerson and Jim McGovern to discuss new policy proposals in Congress. In the weeks and months ahead, USA\*Engage will continue to work with other business and agriculture groups on a strategy to advance legislation to change Cuba policy in the 110th Congress. Contact Jake Colvin at [jcolvin@nftc.org](mailto:jcolvin@nftc.org) for additional information.

## USA\*Engage Hosts Press Briefing to Release "Top 10" Reasons for Changing Cuba Policy

USA\*Engage, along with the Center for Democracy in the Americas (CDA), hosted a policy discussion for members of the press on Tuesday, January 16, to discuss key reasons to change U.S.-Cuba policy. Representatives Jim McGovern (D-MA) and Jo Ann Emerson (R-MO), who were part of a recent Congressional delegation trip to Cuba, participated in Tuesday's discussion. In their remarks, both underscored the importance of a changing the course of U.S.-Cuba policy.

During the event, CDA and USA\*Engage released a new policy paper, titled "In Our National Interest: The Top Ten Reasons for Changing U.S. Policy Toward Cuba," which argues that the current policy has achieved little and hurts American companies and American workers, among other points raised.

This briefing was the latest in a series of stepped up efforts by USA\*Engage to work with an array of business associations, agriculture groups, NGOs and, increasingly, Cuban American organizations that want to see changes to U.S. policy. For the first time in years, there is serious movement in Congress to enact legislation that would loosen or remove travel restrictions for Cuban Americans and business and farm interests, as well as more sweeping efforts to remove all travel restrictions and the embargo.

For more information, visit [www.usaengage.org](http://www.usaengage.org). The Top 10 list can be downloaded at <http://www.democracyinamericas.org/topten/index.aspx>.

## Council Highlights - Calendar of Events

Date	Event	Location
February 12, 2007	Trade Committee Meeting with Mike Castellano, Counsel and Senior Policy Adviser, Office of Majority Leader Harry Reid	Washington, DC
February 15, 2007	International Benefits Committee*	New York City
February 15, 2007	NFTC Winter Tax Meeting	Washington, DC
February 16, 2007	USA*Engage Meeting: Speaker David Goldwyn of the U.S.-Libya Business Association	Washington, DC
February 19-20, 2007	Board of Directors Dinner and Meeting	Washington, DC
March 7-8, 2007	International Human Resources Management Conference	Houston, TX
March 20-22, 2007	Expatriate Management Committee*	Bentonville, AR
April 17-19, 2007	International Assignments Management Committee	St. Louis, MO
April 25, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC
April 25, 2007	Global Mobility Seminar	Cleveland, OH
May 9, 2007	Global Mobility Seminar	Washington, DC
May 16, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC
June 7, 2007	International Benefits Committee*	New York City
June 20, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC
July 18-19, 2007	International Human Resources Management Conference	New York City
July 18, 2007	Tax Steering Committee Meeting and Tax Lunch Forum	Washington, DC
September 18-20, 2007	Expatriate Management Committee*	TBA
September 19-20, 2007	NFTC Fall Tax 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
Fall 2007	Annual World Trade Dinner & Award Ceremony	TBA
Fall 2007	NFTC Annual Meeting	TBA
Fall 2007	Board of Directors Meeting	TBA

**This issue of Council Highlights brought  
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**USA★ENGAGE**



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**NATIONAL FOREIGN TRADE COUNCIL**  
ADVANCING GLOBAL COMMERCE FOR OVER 90 YEARS