

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.

August-September 2010

Vol 10, Issue 4



A Word From the President

Two words that have become a common part of our vocabulary here at the NFTC over the past eight months are “collateral damage.” They have come up in the context of debate over the recently-enacted Iran sanctions legislation, where much of our efforts were devoted to persuading the Congress to remove provisions that would have made it impossible for American companies to engage in trade that had nothing to do with Iran. Most prominent among them were provisions that would have effectively prevented the sale of U.S. aircraft to countries like Japan and which would have forced U.S. energy companies to drop out of oil exploration consortia in places all over the world far removed from the Persian Gulf.

Fortunately, we were able to get these problems addressed, though not in every case in the way that we sought. Our goal throughout was clarity and certainty for business; instead we all too often got ambiguity – provisions that were no longer mandatory and thus left open the possibility of avoiding collateral damage but which also left companies exposed to the worst case options at the whim of the Administration. In the context of this particular bill, that was an improvement – and a tribute to the hard work of USA*Engage and its members – but it still fell far short of what business needs to operate in the 21st century economy.

During this fight we came to realize that a significant part of the problem is that Congress simply does not understand the global supply chain world we live in and still views trade in the traditional model of “we make it here and sell it over there.” That model is long gone, as NFTC members know better than anyone, since they live every day in a globally integrated world, but to the extent it is perpetuated in the Congress, we end up with legislation like the Iran sanctions bill that does not recognize the realities of global commerce and attempts to maximize uncertainty rather than provide clarity for business.

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NFTC Provides Input on the Future of EU Trade

On July 27, the NFTC submitted comments to a public consultation by the European Union (EU) on highly debated EU trade policy topics. The responses of this consultation will be taken into account in the development of a proposal on how trade policy can be used to achieve the objectives of the Europe 2020 strategy. The consultation included questions on the protection of intellectual property rights (IPR), unfair trading restrictions, future trade policy including regulatory procedures, trade and development, and trade in high-tech goods and services.

The NFTC provided a number of initiatives for the EU to consider in its future trade policy. The protection of trade interests against states who disregard international standards and IPR is a major concern. In order to protect IPR, the EU should adopt a more predictable and enforceable market. This can be done through strengthening its commitment to the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS), including IPR provisions in regional and bilateral trade agreements, the successful conclusion of an Anti-Counterfeiting Trade Agreement (ACTA), and pursuing alliances with other countries in order to address concerns in markets with significant deficiencies in IP protection.

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If you have suggestions for articles or comments, please e-mail us at

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News for Our Members

A Word From the President

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That model is long gone, as NFTC members know better than anyone, since they live every day in a globally integrated world, but to the extent it is perpetuated in the Congress, we end up with legislation like the Iran sanctions bill that does not recognize the realities of global commerce and attempts to maximize uncertainty rather than provide clarity for business.

We are seeing the same misunderstanding elsewhere – in the conflict minerals provision that was attached to the financial regulation bill, the proposed Foreign Manufacturers Legal Accountability Act, and the numerous Buy America provisions that continue to appear on bills moving through the Congress.

To be fair, Congress is responding to pressure from the voters, who see themselves or their neighbors without jobs, are worried about the future, and willing to target trade and foreigners as the source of their problems.

Yet these measures almost always end up being counterproductive. Not only do they needlessly complicate doing business overseas, but they rarely achieve even their intended objectives. Yet they persist. The business community over the years has provided a great deal of information to the Congress about jobs and trade and has repeatedly made clear the positive link between the two; yet we have made little progress in changing attitudes. Rather than repeat that exercise, which others, notably the Business Roundtable, have done superbly, the NFTC is planning to take a different approach that focuses our educational efforts on the global supply chain. Our goal is to explain how actions that leverage the U.S. position in the global supply chain has more potential to address the fears and demands of those Americans, demands that include creating well-paying jobs and rebuilding communities and increasing the competitiveness of sectors that we have been highlighting over the summer in messages our Trade and American Competitiveness Coalition has been sending out – sectors like agriculture, semiconductors, chemicals, SME manufacturers, financial services, retail, industrial equipment and others. If we adopt policies that leverage rather than attempt to dismantle the global supply chain, we create jobs and rebuild communities. These policies show a U.S. trade surplus in manufacturing to FTA partners; they show the success of IP based industries in leveraging the global supply chain and how inward investment contributes to U.S. economic well-being.

In short, we hope to help Members of Congress understand how trade in the 21st century actually works in the hope that they will then draw the appropriate policy lessons from that. Right now we are busy formulating our plans, so you will no doubt hear more about this in the future. As always, if you have any thoughts or suggestions, contact me at breinsch@nftc.org, I would be pleased to have them.

NFTC Provides Input on the Future of EU Trade Policy

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The EU and U.S. must work together to reinforce WTO international laws and standards through WTO dispute settlement cases. The NFTC specifically addressed increasing restrictions on raw material exports in countries such as China, recommending that the EU continue to support the joint EU/U.S. WTO dispute case against China. A successful conclusion to this case would decrease unfair restrictions and influence countries to adopt more open trade policies.

The EU and U.S. should develop a collaborative trade policy to address today's global challenges. The NFTC asks the EU to strive for a barrier-free transatlantic trade partnership through the removal of regulatory barriers on trade and investment and harmful trade policies; collaboration on the development of international standards; and

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News for Our Members

NFTC Provides Input on the Future of EU Trade Policy

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seeking to harmonize standards, technical regulation, and conformity assessment procedures. This will better facilitate access to each other's markets. The EU should also initiate and expand the EU/U.S. Guidelines for Regulatory Cooperation and Transparency in order to strengthen regulatory dialogue. These guidelines would create an early warning system for prospective regulations and a framework for regulatory officials to follow – creating a more predictable and transparent system with improved access to foreign markets for SMEs.

In order to strengthen policy on trade and development, the NFTC advises the EU to continue to push for the successful conclusion of the WTO Doha Round and work towards liberalizing global market access. The WTO's role should be strengthened by improving action on important challenges (such as food and consumer product safety and global supply chain management). The EU, along with other WTO members, should put forward future work for the WTO beyond the Doha Round.

In order to reinforce the 'smart dimension' of the Europe 2020 strategy and facilitate better trade in high-tech goods and services, the EU must commit to following all conditions of the WTO Information Technology Agreement (ITA). This agreement eliminates all import duties on a range of IT and telecommunication products. However, the EU has not initiated all agreements and has re-imposed restrictions on certain items. If the EU wants to receive the full benefits of the ITA, it must follow all conditions.

For more information contact Chuck Dittrich at cdittrich@nftc.org. The NFTC's full submission can be found on the NFTC website: http://www.nftc.org/default/Publications/Trade_Policy/EU_Public_Cons-Future_of_EU_Trade_Policy.pdf.

The Bilateral Trade Agenda Awakens

A series of recent public statements and actions by the Administration and Congress has brought the pending free trade agreements back into focus, in the context of the National Export Initiative (NEI). President Obama met with South Korean president, Lee Myung-bak, on the fringe of the Toronto G-20 meetings in late June and then signaled his Administration's commitment to resolve outstanding issues in the US-Korea FTA by the time of the next G-20 leaders' talks, to be held in Seoul, South Korea, in November. This clear timeline to present the deal to Congress shortly after the November elections is the strongest effort yet of the Administration to clear the way for consideration of the three pending FTA's, with Korea, Panama and Colombia.

Three years after the signing of the KORUS FTA, USTR Ron Kirk and key Administration officials have been conducting intensive discussions with Congress and other stakeholders, to develop positions on increased market access on autos and remaining beef issues, in advance of meeting with Korean negotiators.

While some are reserving judgment on the Administration's resolve to find a way forward, given past refusal to set firm completion dates or benchmarks to move the Panama and Colombia FTA's, recent statements on the importance of moving the Korea FTA are the strongest indication yet that the Obama Administration is ready to take up the pending agreements. Congressional has responded in kind, with letters from Members both supporting and opposing the agreement again staking out positions, and on June 30, the bipartisan Congressional U.S.-Korea FTA Working Group was launched to prepare the way for Congressional consideration of the FTA. It is led by Representatives Bobby Bright (D-AL), Dave Reichert (R-WA), Diane Watson (D-CA), Peter Roskam (R-IL), Adam Smith (D-WA), and Erik Paulsen (R-MN).

For more information or comments, please contact Chuck Dittrich at cdittrich@nftc.org.

News for Our Members

Supreme Court Denies Private Right of Action to Overseas Investors

On June 24 the Supreme Court ruled unanimously in *Morrison et al .v. National Australia Bank, et al.* that a private right of action should not be extended to foreign plaintiffs lacking a significant connection to the United States, upholding a ruling of the Second Circuit Court of Appeals. Although the case was brought under the Securities Exchange Act of 1934, the Court's ruling is a potential indication of their view of alien tort cases which involve foreign plaintiffs alleging human rights abuses occurring outside the jurisdiction of the United States.

In particular, the Court reaffirmed a 1991 Supreme Court decision in *EEOC v. Arabian American Oil Co.*, which cited a 1949 ruling that it is "a longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States... Thus unless there is the affirmative intention of Congress clearly expressed to give a statute extraterritorial effect, we must presume it is primarily concerned with domestic conditions." The Court went on to say "rather than guess anew in each case, we apply the presumption against extraterritoriality in all cases, preserving a stable background against which Congress can legislate."

Although the ruling does not constitute a direct precedent, because extraterritoriality is central to cases brought under the Alien Tort Statute the Court's ruling in the *Morrison* case is a positive indication of the view they might take in future ATS cases. Below is a link to the Court's decision. Member companies wishing more information contact Dan O'Flaherty at doflaherty@nftc.org.

DOJ, Federal Judge Rely on NFTC Supreme Court Case in AZ Immigration Debate

In the debate over the State of Arizona's new immigration law, the U.S. Justice Department and a federal court judge have relied in part on the case for federal preemption established by the National Foreign Trade Council in its 2000 Supreme Court case over Massachusetts' procurement sanctions regarding Burma.

The Justice Department's motion for a preliminary injunction of the Arizona immigration law, S.B.1070, twice cites the Supreme Court's 2000 decision in *Crosby v. NFTC* as a precedent. The brief indicates that, under the Supremacy Clause, Arizona is preempted from pursuing an immigration policy both because such a law conflicts with federal law and because the federal government occupies the field which the Arizona law addresses by virtue the fact that the "federal interest is so dominant that...it must be presumed to preclude state laws on the same subject."

In support of this proposition the brief cites extensively from *Crosby*, concluding "notably even though many aspects of the Massachusetts sanction regime nominally could have been pursued by the executive branch under existing law, the state law was still deemed invalid because the state's imposition of sanctions necessarily impeded executive discretion as to the appropriate balance of interests.." The brief also cites *Crosby* to support the argument that the Arizona law "undoubtedly strikes a different balance than the policy advanced by federal law and thereby stands as an obstacle to the accomplishment of federal law."

Similarly, in her ruling to enjoin parts of the law from coming into effect, U.S. District Court Judge Susan Bolton relied on *Crosby* to establish that the United States would suffer irreparable harm if the provisions were not enjoined.

According to Judge Bolton's ruling, the United States would suffer harm "because the federal government's ability to enforce its policies and achieve its objectives will be undermined by the state's enforcement of statutes that

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DOJ, Federal Judge Rely on NFTC Supreme Court Case in AZ Immigration Debate

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interfere with federal law, even if the Court were to conclude that the state statutes have substantially the same goals as federal law.”

The use by the Justice Department of *Crosby* in arguing against the Arizona law is an important sign that they understand federal preemption of state intrusions into federal prerogatives, whether in immigration policy or foreign economic sanctions. For more information contact Jake Colvin at jcolvin@nftc.org.

USA*Engage

Implementation of Iran Sanctions (“CISAD 2010”)

Following final passage and presidential signature of the Comprehensive Iran Sanctions and Accountability Act of 2010 (in State Department usage, “CISAD,” pronounced with a soft “c”), as well as adoption of a somewhat similar set of sanctions by the EU, behaviors of People’s House and the White House have been predictable. The Administration touted its diplomatic success with the UN and the EU; cited CISAD as harmonious with both, invoked sanctions as a stick in the diplomatic toolkit to persuade Iran’s leaders to do the right thing and submit their nuclear program to strict oversight, and stated before Congress that every effort would be made to persuade China not to “backfill” the investment and gasoline supply space in Iran’s energy sector created by the imposition of sanctions.

For its part, the Government Oversight and Reform Committee of the House of Representatives held a hearing before the August recess on Implementation of CISAD, at which Administration witnesses from Treasury, State, GSA, and GAO were collectively enjoined to get it right this time, as the clock continues to tick towards a nuclear (weaponized) Iran. Not to be outdone, House Foreign Affairs Committee chairman Howard Berman (D-CA) and Ranking Member Ileana Ros-Lehtinen (R-FL) announced formation of an Implementation Working Group to make sure that the Administration does the right thing.

In fact, the State Department Office of Terrorism Finance and Economic Sanctions Policy is pursuing ongoing investigations of sanctionable entities, as now mandated by CISAD; the GSA will develop interim regulations to implement CISAD’s procurement certification provisions; the Ex-IM Bank is working on a similarly-intentioned questionnaire; and, critically, Treasury’s Office of Foreign Asset Control (OFAC) is developing regulations (not subject to public comment before being made final as the case with GSA) for the financial sanctions mandated by CISAD.

A critical issue will be the continued ability for financing of OFAC- licensed humanitarian trade as permitted under the 2000 Trade Sanctions Reform Act and reaffirmed, indeed expanded, under CISAD. The EU sanctions regime contains a provision that specifically mandates automatic financing of humanitarian trade. One primary objective of USA*ENGAGE in the implementation process is to secure a similar regulatory exemption for U.S.-originated humanitarian trade. Another issue is appropriately drawn regulations for procurement certification by the GSA.

Meanwhile, as to actual effect, veteran Iran-watcher Gary Sick of Columbia University writes: “For the pundits, there are only two questions about U.S.-Iran relations that are of any importance: (1) Will Israel and/or the United States attack Iran? and (2) will the new sanctions have enough bite to persuade Iran to change its nuclear policy? Despite all the printers ink spilled on these two issues, the answers are an easy no and no.” For more information contact Richard Sawaya at rsawaya@nftc.org.

Tax Policy

Congress Adopts International Tax Provisions that will Negatively Impact American Worldwide Companies

“We need to stop corporations from taking American jobs offshore.” This has become the battle cry of Democrats in 2010. When they found out that the electorate responded to this rhetoric in the special election to replace the late Rep. John Murtha, it became part of the campaign slogans of many Democratic incumbents at the behest of Rep. Chris Van Hollen, head of the Democratic Congressional Campaign Committee. It was easy to assign the blame for the high unemployment rate on faceless corporations, and to use the international tax provisions to offset new spending programs favored by the Democrat constituent base. Unfortunately, the rhetoric bears no resemblance to reality.

The Democrats proposed using several international “loophole closers” to offset the revenue loss of the tax extender package. When the tax extender bill did not advance in the Senate, the House Democrats took the same revenue raisers to help offset the cost of a small business tax incentive package. That legislation ran into trouble in the House. The Senate then used the international provisions to offset the cost of increased Medicaid funding to the states, and to incentivize the hiring of more teachers. The legislation would provide roughly \$16 billion in funding for state governments to help them pay for rising costs stemming from an expansion of the Medicaid program, and would also transfer \$10 billion to local school boards to help them avert layoffs of teachers. This time the measure passed the Senate, and the House came back from the August recess to pass the legislation. The President signed the legislation on August 10, 2010. The international provisions had become law. The following provisions were included in H.R. 1586:

- 1) Rules to prevent splitting foreign tax credits from income. This provision was included in the Obama budget to prevent the separation of creditable foreign taxes from the associated foreign income. This provision is generally applicable to all foreign income taxes paid or accrued in taxable years beginning after December 31, 2010.
- 2) Denial of foreign tax credits with respect to foreign income not subject to U.S. tax by reason of covered asset acquisitions. This provision was not included in the Obama budget and was proposed without any hearings or taxpayer input, and without regard to IRS rulings approving the §338 transactions. The provision generally would apply to transactions occurring after December 31, 2010, with special transition rules for certain transactions between unrelated parties.
- 3) Separate application of foreign tax credit limitation to items resourced under tax treaties, effective for taxable years beginning after the date of enactment, which was August 10, 2010.
- 4) Limit the use of section 956 for foreign tax credit planning. Again, this was another provision proposed without any taxpayer input, and without regard to recent Treasury rulings encouraging the use of §956. The provision would apply to the affirmative use of section 956 after December 31, 2010.
- 5) Special rule with respect to certain redemptions by foreign subsidiaries, effective for acquisitions after the date of enactment.
- 6) Modification of affiliation rules for purposes of rules allocating interest expense, applicable for taxable years beginning after the date of enactment.
- 7) Repeal the foreign sourcing rules for 80/20 companies, generally effective for tax years beginning after December 31, 2010.

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Tax Policy

Congress Adopts International Tax Provisions that will Negatively Impact American Worldwide Companies

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In a recently released study by the McKinsey Global Institute, "Growth and Competitiveness in the United States: The role of its multinational companies," the researchers show that relative to their size, American worldwide companies contribute disproportionately to private sector real GDP growth (or value added) and labor productivity. According to the McKinsey study: Less than one percent—is the share of the total number of U.S. companies accounted for by multinationals:

- 19%—is the share of private sector work force employed by U.S. multinationals in 2007 (the last year of available data)
- 25%—the share of private sector wages paid by U.S. multinationals in 2007
- 31%—the share of growth in real private sector GDP accounted for by U.S. multinationals since 1990
- 37%—multinationals share of total U.S. goods imported in 2007
- 48%—multinationals share of total U.S. goods exported in 2007
- 53%—the gains in labor productivity accounted for by U.S. multinationals during periods of economic expansion since 1990
- 74%—the share of the nation's private sector R&D spending made by U.S. multinationals
- 90%—the share of U.S. multinationals intermediate inputs purchased from other U.S. based firms

The data in a recent study by Matthew Slaughter, Associate Dean at the Tuck School of Business, Dartmouth College, "How U.S. Multinational Companies Strengthen the U.S. Economy," echoes the findings of the McKinsey study.

Since the 1960's when many of the international provisions of the Internal Revenue Code were adopted, global competition has increased. Although the U.S. retains many strengths that make it one of the most attractive markets for multinational companies, numerous fast growing emerging markets and some advanced economies are making huge strides in increasing their attractiveness for multinational companies to participate and invest. The ability of strong American worldwide companies to be able to compete effectively in foreign markets is critical to retaining their economic viability. To achieve strong revenue growth, and to reach the 95% of consumers who reside outside of the United States, American worldwide companies must expand their global operations. Viewing the domestic and foreign operations of American worldwide companies as unrelated is incorrect—companies must make strategic investments and employment decisions on a global basis.

The U.S. has the second highest corporate tax rate in the world. Japan has a higher rate, but has recently moved to lower their corporate rate by 5%. If the new rate is enacted, the U.S. will stand alone as an economy with a worldwide tax system and a high corporate rate. The new tax increases that have just been imposed on American worldwide companies in H.R. 1586 do not close corporate loopholes, they make it more difficult for companies to compete internationally by harming their competitiveness and reducing the earnings U.S. companies bring back from their foreign operations, thereby reducing reinvestment in U.S. plant and equipment, funding U.S. research, and expanding U.S. payrolls.

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Tax Policy

Congress Adopts International Tax Provisions that will Negatively Impact American Worldwide Companies

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When Congress makes piecemeal changes in the international tax provisions to raise revenue to offset other spending programs, American worldwide companies are put at a competitive disadvantage. Policy makers should stop the rush to raise revenue from companies, and should consider comprehensive tax reform designed to increase the competitiveness of U.S. companies both at home and abroad. When worldwide American companies become less competitive in their ability to serve foreign markets, demand for U.S. produced goods and services will decline.

U.S. policy makers can either recognize the shifting economic landscape and play to U.S. strengths, or they can fan the flame of fears about companies who compete in global markets. By encouraging free markets, a highly educated and skilled labor force, openness to foreign workers, and support for innovation, the U.S. can keep and attract multinationals, enable new companies to emerge and create an environment that allows companies to grow and thrive. To comment or for more information contact Catherine Schultz at cschultz@nftc.org.

2010 Fall Tax Committee Meeting Set for September 30 –

The 2010 NFTC Fall Tax Meeting will be held on September 30th and October 1st at the Washington Hilton, Washington, DC. Be "in the know" detailed roundtable discussions with key congressional, Treasury and IRS Officials including Bill Wilkins, IRS Chief Counsel, Manal Corwin, International Tax Counsel, U.S. Treasury), Michael Danilack, Deputy Commissioner (International), LMSB, IRS. The meeting will begin on Thursday morning and will continue through to dinner on Thursday, September 30th, and will continue with panels and a luncheon on Friday, October 1st. A draft agenda and registration information will be available soon. Please join us for the NFTC Fall Tax Meeting. For more information, please contact Catherine Schultz at cschultz@nftc.org.

Global Innovation Forum

This summer, the Global Innovation Forum launched a monthly breakfast series with top innovation and trade leaders to modernize U.S. policies and position Americans to lead in the global economy. In June, Sidley Austin hosted more than 50 business, academic and NGO leaders to kick off the series. The June breakfast featured remarks from Travis Sullivan, Director of Strategy and Planning for Secretary Locke at the Department of Commerce. In July, the World Wildlife Fund hosted another large group of more than 50 participants with featured remarks from Deputy USTR Demetrios Marantis. Our meetings are an opportunity to discuss topical trade and innovation issues, identify work in progress, and explore areas of agreement and disagreement on how to address current challenges. Meetings are summarized without attribution.

The discussions have been lively and invigorating including topics such as:

- Rule of law – openness, predictability and enforceability of rule of law, particularly with respect to development of technical standards, intellectual property protection, antitrust law, regulations of data protection, consumer health and safety, environment and labor standards
- New market access barriers – government procurement, subsidies, censorship and other mechanisms foreign governments use to disadvantage American sales in overseas markets

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International Human Resources

New York International Human Resources Forum Held July 14 -15

The National Foreign Trade Council held its 16th annual IHR forum at the New York Athletic Club on July 14-15, 2010. The turnout was the highest to date. The central theme was “Global Workforce Transformation to Drive Business Performance”. In addition to subject matter experts from the forum co-sponsors at Baker & McKenzie, Cartus, Cigna International, Ernst & Young, HSBC and NetExpat there were speakers from Boston University, Bunge, China Merchants Bank, Citi, Doosan, IBM, ITT, J&J, Kraft Foods, The Limited, Living Abroad, Passport Career, PepsiCo, the Permits Foundation, Pioneer Natural Resources, Selection Research International, Stryker, UBS, Vale do Rio Doce and VF Corporation.



The top rated sessions were:

- Kevin R. Logan, HSBC : “The Global Economy-Recovery or Uncertainty”
- Eva Majerscisk, IBM; Garrett Walker, IBM; and Adele Yeargan, ITT : “Transforming A Global Workforce To Drive Performance”
- Rock Provillon, Expatriate Services Director, PepsiCo: “Linking International Assignments to Broader Talent Strategy”
- Sharon Byrnes, Stryker; Mark Feurer, Bunge: and Ed Gaydos, The Limited (Retired): “Building An International Leadership Development Program”

Brian Arbetter, Baker & McKenzie; Fred Foulkes, Boston University; and Rob Lewis, Baker & McKenzie: “Plant Closings & Reductions in Force Across Borders”The program also included sessions on: Brazil, the ROI of Corporate Wellness Programs, U.S. Companies Doing Business in China and Chinese Companies Doing Business in the U.S., Immigration and Tax Compliance, Social Media and the Global Employer, Global Mobility Program policy and Practices, Establishing an Offshore Business Center, and Expatriate Family issues and Support.

The next IHR forum will be in Houston, Texas in March 2011. Details will be posted to the NFTC website in due course.



Professor Fred K. Foulkes, Boston University



(L-R) David Leboff, CEO – Expaticore; Dennis R. Briscoe Ph. D, San Diego University; Richard G. Bauer. President-R G Bauer Consulting

News for Our Members

New Members

Morgan Stanley is a global, financial services firm with \$770 billion in assets under its management. The firm employs over 60,000 people in thirty-six offices world-wide, specializing in institutional securities, global wealth management group, and asset management services. In 2009, Morgan Stanley made \$23.4 billion in revenue, was named a Fortune 500 company, and was ranked as one of the top firms in its industry by Fortune Magazine. For more information, visit <http://www.morganstanley.com/>.

Philips Electronics North America is an electronics manufacturer that produces consumer electronics, components, semiconductors, communication systems, medical systems, and diagnostic imaging system products. Philips Electronics North America is a subsidiary of the multi-national corporation, Royal Philips Electronics N.V. based in the Netherlands. In 2009, Royal Phillips generated over \$30 billion in sales and was among Fortune Magazine's "Most Admired Companies" in electronics. For more information, visit <http://www.usa.philips.com/>.

Google Inc. is a global, internet-based technology provider which has developed a number of products and services including the Gmail email software, the Google Chrome web browser, the Android mobile device, and it's most popular service, the Google web search engine. In 2009, Google Inc. made \$21.7 billion in annual revenue and was ranked the top internet services and retailing company by Fortune Magazine. For more information, visit <http://www.google.com/about.html>.

Skadden, Arps, Slate, Meagher & Flom LLP is a multi-national law-firm which specializes in mergers and acquisitions, corporate restructuring, and corporate finance law. The firm expands over five continents with twenty-four offices and over 2,000 attorneys. In 2008, it generated \$2.2 billion in revenue, making it the "Most Powerful Firm on Wall Street" by Forbes and the fifth largest firm in the United States by the National Law Journal. For more information, visit <http://www.skadden.com/default.cfm>.

NFTC Foundation Annual Dinner

Wednesday, September 29, 2010

Organization of American States

Washington, DC

Don't miss out. Reserve tables or individual tickets now!

SPEAKER: Representative Dave Camp, ranking minority member on the House Ways and Means Committee. Hear his views on pending international tax legislation, free trade agreements and other topics.

BLACK-TIE RECEPTION AND DINNER. The black-tie reception and dinner will be held at the elegant and historic Organization of American States building (17th and Constitution Avenue, NW). The NFTC Foundation is a 501(c)(3) entity.

FOR TABLES OR TICKETS: For company support opportunities or individual tickets contact Bill Kelly at 202-887-0278 or email at wkelly@nftc.org.

News for Our Members

NFTC Holds Board Meeting in Saint Michaels, MD

On June 29th, the NFTC hosted its summer board meeting in Saint Michaels, Maryland. The meeting included a presentation by NFTC President Bill Reinsch on pressing issues in the Council and policy discussions with Derek Scissors, Research Fellow at the Asian Studies Center at the Heritage Foundation and Adjunct Professor at George Washington University, and Ambassador Alan Wolff of Dewey LeBoeuf.

Mr. Reinsch began the meeting by announcing the recent collocation of the Coalition for Employment through Exporting (CEE) with the NFTC and discussing the current activities of the Global Innovation Forum (GIF). CEE focuses primarily on export financing and recently hired John Hardy as President and CEO. The GIF allows different groups of stakeholders to come together and discuss domestic and global IP provisions and ways that government can assist innovative companies. The GIF is working with the NFTC to implement the grant received from the GE Foundation to hold innovation-related events outside of Washington. Events have already taken place in North Carolina and California and the next one is scheduled in Detroit this November.



Ambassador Alan Wolff of Dewey LeBoeuf

Mr. Reinsch noted that the NFTC revitalized its Doha Project by signing a contract with Stuart Harbinson to take over John Weekes' previous work on the project. The NFTC is also involved in TransPacific Partnership (TPP) negotiations through frequent meetings with the USTR. Mr. Reinsch added that although TPP is the only Trade Agreement which the Administration is actively pursuing, President Obama's announcement after a meeting with Korean President Lee Myung-Bak may encourage efforts to present the US-Korea FTA to Congress for approval.

On policy issues, Derek Scissors opened the discussion by stating that the U.S. economy is not in decline. A survey of the world economic picture over the last fifty years shows that, the U.S. position in the global economy has been steady compared to Europe and Asia. Mr. Scissors asserted that the roots of the global recession may be found less in the US economy than in the Asian financial crisis of the late 1990s which led Asian manufacturing countries, such as China, to stockpile U.S. dollars in an effort to protect themselves from future economic downturn. This, along with Alan Greenspan's loose monetary policy, led to asset bubbles and the "credit crunch". Mr. Scissors stated that the U.S. needs to institute austerity measures in order to cut the deficit, such as tax restructuring, abandoning stimulus efforts, and tightening U.S. monetary policy to restrain the accumulation of dollars abroad.



Peter Seka, Mars Inc. and Tom Roesser, Microsoft Corporation

Ambassador Alan Wolff followed Derek Scissors with a presentation on the "Evolution of the World Trading System and its Implications for NFTC Members." He discussed misconceptions in the pro-trade community about the global and domestic environment for trade policy formulation. These misconceptions include beliefs that globalization is an unequivocal positive, that the Chinese economy is yielding to market forces, and that domestic support is lacking for the agenda. Ambassador Wolff stressed that we need to debunk these myths and face reality. The U.S. needs to lead the world towards freer markets and a rule-based trading system. He also stated that rather than becoming the niche player in the field of sanctions or export financing, NFTC should play the "champion" for U.S. leadership in the Doha Round and in global trade policy.

News for Our Members

Calendar of Events

Date	Event	Location
September 28-30, 2010	Expatriate Management Committee*	Boston, MA
September 29, 2010	Board of Directors Meeting	Washington, DC
September 29, 2010	Annual Meeting	Washington, DC
September 29, 2010	Annual World Trade Dinner and Award Ceremony - Organization of American States	Washington, DC
September 30 - October 1, 2010	Fall Tax Committee Meeting	Washington, DC
October 6, 2010	International Benefits Committee	New York City
October 20-22, 2010	International Assignment Management Committee*	Redwood Shores, CA
October 24-27, 2010	Save the Date: 2010 International District Export Council: "Capitalizing on America's Export Advantages: Green and Innovation"	Washington, DC
December 8, 2010	Tax Lunch Forum - Speaker: TBA	Washington, DC
March 2-3, 2011	Annual International Human Resource Management Forum	Houston, TX

* Note: The WTO Committee Meetings, Expatriate Management, Global Compensation, International Assignment Management, and International Benefits Committees are by invitation only. For information about them please contact NFTC at (202) 887-0278 or e-mail nftcinformation@nftc.org.

Global Innovation Forum

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- Trade facilitation – improvements in controls on trade to enforce regulations with maximum trade efficiency, support modern logistics operations and the management of global supply chains across goods and services trade
- Metrics and measurement – improving data sets that inform policymaking such as services surveys, export qualifications and Rules of Origin

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