# Council Highlights

## National Foreign Trade Council

*"Advancing Global Commerce for Nearly a Century"*

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

**August-September 2012**
***Vol 12, Issue 11***


## A Word From the President

Association staff members dip into partisan politics at their peril since they invariably have strongly partisan members of both parties among their memberships. Nevertheless, I'm going to dip a toe in those waters because it's an election year and, more important, because this is an unusually important election.

Economic growth is far from what anyone would like; other parts of the world are in even worse shape; newly emerging countries are challenging our political as well as economic system; several regions remain in what seems to be endless turmoil; we all face looming environmental and energy challenges. The election is important because the country is at a crossroads, and we are faced with two candidates and two parties with very different views about which route to take to address these problems.

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## GIF Event in Pittsburgh with USTR Ron Kirk and Local Business Innovators

The Global Innovation Forum (GIF) of the National Foreign Trade Council (NFTC) Foundation held a workshop in Pittsburgh on July 20 featuring United States Trade Representative (USTR) Ron Kirk. The event included more than 50 business leaders from the Pittsburgh area across a range of sectors, including information technology, communications, biotech, steel and advanced manufacturing.

Audrey Russo, President of the Pittsburgh Technology Council, led a panel discussion with Pittsburgh regional innovators to track the development of Pittsburgh's economy over the past several decades, in an era of dramatic globalization and technological development for many of Pittsburgh's legacy manufacturers.

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## NFTC Foundation Holds 17th Annual International HR Forum

The NFTC Foundation held its 17th Annual International Human Resource forum on July 11-12, 2012 at The New York Athletic Club. Over 150 delegates from around the world participated. The theme of this year's forum was "*Human Capital Drives Innovation & Growth.*"

*left to right - Pat DeDonato- VP, Cartus; Bill Sheridan, VA NFTC; Patrice Heinzer-VP, Cartus; Cindy Madden Director-Consulting Services, Cartus and Stephane Brahy, Director-Global Consulting, Catrus*

The opening speakers were Christopher Bellanca, Vice President Global Talent Development, PepsiCo, and Stephane Brahy, Director-Global Consulting at Cartus. They discussed the critical role of human resources before and after there is a cross-border merger or acquisition. Their presentation was followed by that of Jacqueline Scarra and Jill Buzzelli, of PwC, on leveraging global talent to drive innovation and growth.

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## A Word From the President

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As someone who spent 17 out of 20 years on Capitol Hill working for Republicans (moderate ones, in the days when there were some of those) and then nearly eight years in the Clinton Administration, I can claim legitimate centrist credentials. What I learned, primarily on the Hill, is that this may be one of those times when either answer is the right one, and the only wrong answer is continued uncertainty and gridlock.

Much has been written about gridlock over the past few years, and there is certainly plenty of blame to go around, not to mention plenty of bloggers busy passing it around as fast as they can. One of the points less frequently made in all the talk is that the Congressional-Executive gridlock reflects the voters' division. As a people, we are, in fact, deeply divided over what we should do, and we should not be surprised that the representatives we elect are similarly divided. They are, after all, representing us.

Unfortunately, the price of gridlock is uncertainty, and that is what holds us back – as investors thinking about where to put their money, as consumers thinking about whether or not to spend, as corporate executives thinking about where and how to grow. From that perspective, the "right" answer is a decisive election that pushes the country one way or the other so the winners can get about the business of solving our problems. The "wrong" answer is the one that leaves us with divided government.

The dirty little secret here, of course, is that the economy is probably going to get better over the next four years no matter who is president, and whoever that is will take full credit for it regardless of whether he had anything to do with it. Ironically, that means that this election is going to be about blame (whose fault is it, Obama's or Bush's?), while the next one is going to be about credit. By the way, we've seen this movie before – in 1992 and 1996 – when candidate Clinton persuaded the public that the economy was in the tank even though recovery had probably begun shortly before the election, and in 1996 when President Clinton persuaded voters that his Administration was responsible for the growth that had occurred. The Republicans will no doubt try this script again and see if the public buys it.

Unfortunately, that debate obscures what ought to be the real issue, which is what kind of country do we want to be in a rapidly changing world. Elections are almost always about the present and the past when they should be about the future. What kind of world do we want to turn over to our children? What should be the role of government in shaping that world?

How will we deal with the aging of my generation – the baby boomers, the largest in our history – and the costs in health care and pensions that we will impose on our children? How will we address climate change once we get past the debate of whose "fault" it is? How will we maintain our historic strength in innovation in order to fend off the competitiveness challenges we are already facing from overseas? How do we prepare our children for the competitive workplace they're going to spend their lives in? What role do we play in a world that is no longer bipolar and rapidly becoming non-polar?

The candidates will give all these issues lip service, but they will spend far more time arguing about the past – who is to blame for the current mess – and what immediate fixes we should pursue to produce more jobs over the next twelve months. That's important, no doubt, but as we chart the country's future at a critical moment, the hard questions we ask our candidates should be about their vision for our country for the next generation, not just for tomorrow.

## NFTC Foundation Holds 17th Annual International HR Forum

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The forum included sessions on:

- Africa
- Brazil
- China
- Global Wellness Management
- Global HR Governance
- International Benefits Risk Management
- Leadership Development Pipelines

*L-R—Bill Sheridan, NFTC; Cindy Madden, Director Consulting Services, Cartus and Strephane Brahy, Director-Global Consulting; Cartus*

The faculty included subject matter experts from Amgen, Biogen Idec, Bristol-Myers Squibb, Cartus, Citi, Colgate-Palmolive, Enersys, Fragomen, GE, Johnson & Johnson, Mercer, Mercer Marsh Benefits, Prudential Insurance, SAIC, Schindler, School Choice Group and Zurich Insurance.

The next NFTC international human resource event will be in Houston in March 2013. For information, contact Bill Sheridan at wsheridan@nftc.org.

## NFTC and USA*Engage Support PNTR for Russia and Oppose Senate "Magnitsky" Bill

In letters to the Senate Finance Committee and the House Ways and Means Committee, the NFTC and USA*Engage strongly supported extending Permanent Normal Trade Relations (PNTR) to Russia by exempting the country from the 1974 Jackson-Vanik amendment, but opposed the Senate's version of the *Sergei Magnitsky Rule of Law Accountability Act*.

While legitimate human rights concerns gave rise to the Magnitsky bill, it contains a number of highly problematic provisions that could undermine other U.S. foreign policy goals, including U.S.-Russia relations. The overly broad bill creates a new global unilateral sanction for the U.S. government to use against virtually any foreign person (including their "agents," which could be a U.S. entity) for vaguely defined reasons.

The NFTC and USA*Engage cited the following problematic provisions in the Senate bill, S. 1039:

- Section 4(a)(2)(B) of the Senate bill requires the Secretary of State in consultation with the Secretary of the Treasury to submit to Congress a list of persons who have violated internationally recognized human rights "anywhere in the world." This expands the scope of S. 1039's sanctions far beyond those involved in Mr. Magnitsky's torture and death and will make it more difficult for the United States to obtain the cooperation of other nations on other foreign policy goals. S. 1039 should limit liability to those Russians directly involved in the torture and death of Sergei Magnitsky.

- The Senate bill does not clearly define violations of "internationally recognized human rights" leaving it unclear what constitutes sanctionable activity. The bill should provide a clear definition of what constitutes a violation of human rights, as well as clear criteria for a finding that a person engaged in the action cited prior to being added to the list.

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## NFTC and USA*Engage Support PNTR for Russia and Oppose Senate "Magnitsky" Bill

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- Section 4(e) authorizes the chair and ranking members of ten Congressional committees to submit names to the Secretary of State to be added to the list, which will complicate and politicize the process.

- The definition of the term "person" in Section 3(4)(B) includes corporations, even though Congress has in the past confined sanctions in this kind of situation to individual perpetrators as in the *Torture Victims Protection Act*.

- Section 4(a)(3) fails to define the term "agent" in extending liability to those who "acted as an agent of or on behalf of" a person or entity included on the list. This provision could potentially extend liability to correspondent banks, joint venture partners, suppliers and customers. Unless carefully circumscribed with, for example, a test that demonstrates knowing complicity in a violation, the agent provision should be removed.

- Removal from the list in Section 4(c) requires a finding by the Secretary of State that "the person did not engage in the activity for which the person was added to the list." In essence persons included on the list are presumed guilty until proven innocent.

- The Senate bill has no sunset provision and should terminate after a period of five years.

- The fact that the legislation does not create a private right of action should be explicitly stated in the bill.

On July 24, NFTC President Bill Reinsch wrote the House Ways and Means Committee that while the NFTC had strong reservations about both House and Senate versions of this legislation, "the bill reported by the House Foreign Affairs Committee is preferable" to the Senate bill, since the House bill applies only to Russian persons and not globally.

For more information, contact Dan O'Flaherty at doflaherty@nftc.org.

## USA*Engage Sanctions Update

While the U.S. and many other countries continue to try to cope with the consequences of the worst financial collapse since the Great Depression, U.S. policymakers in Congress and the White House remain wedded to economic sanctions as substitutes for foreign policy.

Before leaving for the August recess, the House voted 421-6 and the Senate voted by acclamation to pass the *Iran Threat Reduction and Syria Human Rights Act of 2012* (ITRSHRA). The same day, in lock step, the Administration issued a new Executive Order visiting further financial sanctions on Iran.

Senate Banking Committee Chairman Tim Johnson (D-SD) stated the bill includes sanctions on anyone who:

- works in Iran's petroleum, petrochemical, or natural gas sector;
- provides goods, services, infrastructure, or technology to Iran's oil and natural gas sector, including financial services, consulting, and maintenance & repair;

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## USA*Engage Sanctions Update

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- conducts oil-for-gold or other swap transactions with Iran;
- insures or re-insures investments in Iran's oil sector;
- engages in joint ventures with the National Iranian Oil Company (NIOC);
- provides insurance or re-insurance to the National Iranian Oil Company or the National Iranian Tanker Company (NITC);
- helps Iran evade oil sanctions through reflagging, etc.;
- sells, leases, or otherwise provides oil tankers to Iran, unless from a country that is significantly reducing its oil purchases;
- transports crude oil from Iran, concealing the origin of Iranian crude; or transports refined petroleum products to Iran; sanctioned vessels could be prevented from landing at a port in the U.S. for up to two years;
- provides special financial messaging services to designated Iranian banks, or those who enable such activity; and
- engages in uranium mining with Iran anywhere in the world.

The bill aims to prevent Iran from repatriating any of the revenue it receives from the sale of its crude oil, depriving Iran of hard currency earnings and funds to run its state budget. It also prevents the purchasing of Iranian sovereign debt after the date of enactment, thereby further limiting the regime's ability to finance its illicit activities.

The bill expands sanctions against Iranian and Syrian officials for human rights abuses facilitated by computer and network disruption, monitoring, and tracking by those governments.

The sale of Iranian crude oil will be sharply limited to only countries that have agreed to significantly reduce their purchases of Iranian crude, toward a complete cessation of these activities.

USA*Engage/NFTC issued the following statement:

"Congress, impelled by election year politics, has voted overwhelmingly to impose additional economic sanctions on Iran. This is unfortunate, but not surprising," said USA*Engage Director Richard Sawaya. "Today's action ignores Iran's experience of three embargos since the 1950s and, in effect, attempts to cut Iran off from the global financial system and restrict the country's exports of crude oil through the *Iran Threat Reduction and Syria Human Right Act of 2012."*

"The House has taken this action in the name of diplomacy, but it would severely constrain the Administration's space for negotiations. In a moment of frankness, its foremost supporters candidly admit sanctions will not alter Iranian nuclear decision-making, but instead offer the justification that sanctions will so harm ordinary Iranians that they will overthrow the ruling regime – a hypothesis that does not stand up to the record of history," said Sawaya.

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# USA*ENGAGE Sanctions Update

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"At least, the commitment to continuing duly licensed humanitarian trade in agricultural products, food, medicine and medical products with Iran is cited in the legislation – though its viability is threatened by the financial sanctions," Sawaya concluded.

"Apparently, the old saw – if one's only tool is a hammer, everything becomes a nail – trumps Einstein's definition of insanity when it comes to U.S. relations with Iran," said NFTC President Bill Reinsch. "To the degree that U.S. sanctions on Iran 'work,' they will effectively expand the control of the Revolutionary Guards over Iran's economy, provide the regime with fodder to fuel anti-Americanism in a population until now distinguished in the region by pro-American sentiments, and a firm floor over global oil prices, nullifying the production 'good news' from North America and elsewhere."

"Moreover, the hidden effects on U.S. multinationals – none of whom operate in Iran – makes the business of doing business in a global economy that much more difficult in terms of avoiding contractual obligations with entities that may be caught in the sanctions net. Ever expanding economic sanctions enshrined as U.S. law hardly seem calculated to promote world economic activity," said Reinsch.

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As a note of bona fides, the Administration could substantiate its mantra of "our quarrel is not with the Iranian people" by decisively clarifying its presently muddied regulatory practice regarding duly licensed humanitarian trade in agricultural commodities, food, medicine and medical devices by U.S. persons with Iran – as the latest Iran sanctions legislation awaiting final passage endorses. But, don't hold your breath.

**Burma/Myanmar**

In a feat of interagency legerdemain, the Administration managed to promulgate, with bipartisan Congressional consent, the relaxation of U.S. economic sanctions on Burma, ostensibly permitting both financial transactions and new investment by U.S. companies in the country. Unable to bring themselves to the positions taken by European and Asian competitors, however, the ability do so will entail the filing of annual reports with the State Department regarding U.S. company "corporate social responsibility" attendant on such investments in the areas of human rights, labor rights, financial transparency and environmental protection. (NGOs are under no such obligation.)

The reporting mechanism raises more questions than it answers and also amounts, by its existence, to a worrisome precedent. State must post the proposed requirement in the Federal Register for a 60-day comment period. USA*Engage, working with the U.S. Chamber and the U.S. ASEAN Business Council, will coordinate company comments and continue to engage with State and Treasury – the Office of Foreign Asset Control (OFAC) – regarding the opaqueness of the general licenses for financial transactions and new investment that OFAC has published (which are not subject to any public comment).

Meanwhile by agreement with the Administration, Congress renewed the legislative import ban on products from Burma. A disinterested view of what would help bring employment to Burma, however, argues for immediate lifting of that sanction. But again, politics trumps economic reality.

For information on sanctions, contact Richard Sawaya at rsawaya@nftc.org.

# Lame Duck: Resolution or Let it Rip?

As we count down to Election Day, we are also counting down to the end of the Congressional session with the expectation that we will have the most volatile lame duck session in many years. The outcome of the election could have a significant effect on the lame duck schedule.

If President Obama wins reelection and the House changes to a Democratic majority and the Senate retains its Democratic majority, then very little will be done in the lame duck session, because the White House and the Democrats in Congress will want to wait until they are in charge to act on all of the tax, entitlement and sequestration issues.

The same scenario is likely if Mitt Romney becomes President, the House retains the Republican majority and the Senate gains a Republican majority. If either party wins big, there will be little action during the lame duck.

If there is a split in control of the White House and Congress—which is the most likely scenario—the members currently responsible for the gridlock in Washington will once again have to try to resolve their fundamental differences over the looming fiscal cliff.

What are the issues that must be dealt with in the lame duck session?

1) The expiration of the 2001 and 2003 tax cuts and the AMT (which are often called the Bush tax cuts). These also include capital gains and dividend tax law changes set to expire. These tax cuts were extended for two years in 2010 and expire on December 31, 2012. The Democrats and Republicans have staked out positions on these. The Senate voted on July 25 to extend the tax cuts for the lower income levels, but to let the tax cuts expire for those families making over $250,000. The House voted to extend all of the expiring tax cuts.
2) The payroll tax cut expires on December 31, 2012. This is a temporary tax cut that was adopted as an economic stimulus measure. Depending on the state of the economy in December, this tax cut will once again be controversial if the White House proposes extending it.
3) The unemployment insurance extension expires on December 31, 2012. Again, depending on the state of the economy, extending unemployment benefits for a longer period of time could be politically difficult at the end of the year.
4) Business tax extenders expired on December 31, 2011, and it is the hope of the business community that agreement can be reached to extend them retroactively to January 1, 2012. The House and Senate are in agreement that some, but not all, of the business tax extenders should continue to be extended until tax reform can determine how they will be dealt with on a permanent basis. Whether the revenue loss associated with the extenders should be offset is always a point of contention between the parties.
5) The doc fix for Medicare expires on December 31, 2012 and is always a politically difficult extension. There will be a push for entitlement reform, and this provision will be part of that general discussion. It is expected that if the other tax provisions are extended, this will be included as part of the larger package.
6) Treasury will be using “extraordinary measures” to not bump up against the debt ceiling, but Treasury should be able to get through the lame duck session and not have to raise the debt ceiling until early in 2013.

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# Lame Duck: Resolution or Let it Rip?

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7) Sequestration will be effective on January 1, 2013 if no agreement is reached to cut $2.1 trillion from the deficit. The sequestration would cut both defense and non-defense programs significantly. Employers will be required, under the *Warn Act*, to notify employees 60 days before lay-offs are expected to occur. The 60-day warning period would begin on November 3, three days before Election Day. The Bipartisan Policy Center estimates that if a full sequestration goes into effect, that one million people could be laid off because of it. When discussing the effects of the sequestration on the economy, politicians of both parties have said," Let it rip." Some Republicans believe the sequester will force fiscal discipline, cut overly large spending programs and lower budget deficits. Some Democrats believe the sequestration is so severe that it will force Republicans to agree to tax increases as a way to reduce the deficits so that the defense cuts included in the sequestration order never are made.

The fiscal problems that will result from the expiration of all the tax cuts and the cuts required under the sequestration order will send the country into an economic tailspin. "Taxmaggedon," "Fiscal Cliff Diving," and other doomsday labels have been put on the end of the year fiscal problems. Sequestration was carried out only once, in 1986, and it was so onerous that politicians vowed never to reach that point again. Sequestration will not have a significant budget impact, and only delays by 18 months the increase in the national debt, for all the fiscal pain that it will cause the country.

It is hoped that the Administration and Congress will be able to work out a short-term agreement on the extension of the expiring and expired tax provisions, and tie that extension to an agreement to work on tax reform in 2013. It is also hoped that some budget cuts will be enacted to lessen the effect of the sequestration. It is hard to see a scenario that doesn't include at least a partial sequestration order being required.

Will there be enough economic concern and an increased sense of doing what is best for the country to override the partisan politics that has become the norm of the past several years? Will the elections send a message that members will heed to do what is best for the economy, and not necessarily the most politically expedient? Will real Congressional leadership emerge, or will we continue the bickering of the past several years? As the fiscal cliff looms, will Congress and the Administration be able to resolve this difficult issues facing our economy or will they "let it rip?"

For more information, contact Catherine Schultz at cschultz@nftc.org.

## Save the Date: 2012 NFTC Fall Tax Conference Scheduled for October 11-12

The 2012 NFTC Fall Tax Conference scheduled for October 11-12, at the Microsoft Innovation and Policy Center, 901 K Street NW, Washington, DC. Be "in the know" with detailed roundtable discussions with key Congressional, Treasury and IRS officials. The NFTC Tax Committee Fall Meeting will begin with panel discussions followed by a reception and dinner on Thursday, October 11, and will continue with panels and will conclude by lunch on Friday, October 12. A draft agenda and registration information will be available soon. Please join us for the NFTC Fall Tax Conference.

For more information, contact Catherine Schultz at cschultz@nftc.org.

## NFTC Tax Lunch Forum Welcomes George Callas, Staff Director and Tax Counsel, House Ways and Means Select Revenue Subcommittee

On Tuesday, July 17, George Callas, Staff Director and Tax Counsel to the House Ways and Means Subcommittee on Select Revenues spoke to the NFTC Tax Committee. Mr. Callas is a primary drafter of the international tax reform proposal put forward by Ways and Means Committee Chairman Camp. Mr. Callas discussed tax reform, the pending fiscal cliff, the extension of the expired tax provisions and the legislative agenda for the lame duck session of Congress.

**Tax Reform**

Mr. Callas said that the Committee is still receiving feedback from business on the tax reform proposal put forward by Chairman Camp in October 2011. The Committee does not have a deadline for discussing the draft and would like to be sure to hear about all the issues of concern to companies before moving forward. If feedback is needed on another issue, not necessarily related to the corporate sector, another draft could be put forward.

The House voted on a one-year extension of the Bush tax cuts before leaving for August recess. Paired with that vote will be a proposal to expedite the tax reform process. The tax reform principles will be included in that proposal that will also include binding, fast-track procedures for doing tax reform in 2013. The House will vote to extend the Bush tax cuts for only one year, so that they can work on tax reform in 2013 and resolve the tax extension issue permanently. That will be the House's negotiating position with the Senate in the lame duck session. The fast-track procedure envisions the House and Senate tax-writing committees working, under regular order, to draft the tax reform package.

**Cliff Diving**

The lame duck session will be very busy and there are many pending issues that will have to be addressed, including the extension of the Bush tax cuts, the 2010 estate and gift tax provision, the business tax extenders, the AMT, the payroll tax, the extension of unemployment, the doc fix, and sequestration. The extension of the debt ceiling is likely to wait until early in 2013. The House will try to resolve as many of the pending issues as possible before the election, but realistically, most of the issues will not be resolved until after the election. The House has already adopted a budget reconciliation package to resolve the sequestration issue, and expects that package to be their starting point for the lame duck negotiations with the Senate.

**Business Tax Extenders**

The House Ways and Means Committee has held two hearings on the extension of the expired tax provisions. The Committee is trying to determine which of those expired provisions should continue to be extended until there is a broader tax reform package. The number of extenders that have been included in past packages will be pared down, but how it will be shortened is still being discussed. There is also a discussion of how to offset the revenues for the revenue losing provisions. In the past, many of the tax extenders were not offset, but given the current budget deficits, there will be a push to offset any extender package. If the package is not offset, the House budget rules would have to be waived. Mr. Callas said that waiving the budget rules is almost impossible with the current fiscal deficits.

**Conclusion**

Mr. Callas said that the House is ready to act on all of the expired tax provisions before the election, but does not expect to negotiate with the Senate on these issues until after the election. Tax reform is a high priority in the House. The newer members don't have a proprietary interest in the Bush 2001 and 2003 tax cuts. The older members are fatigued from fighting the same battles over and over again to extend those tax cuts. The general consensus is that tax reform is necessary to make the United States more competitive and to move the economy forward. It will be a very difficult process, but the House is prepared to take it on in 2013.

For more information, contact Catherine Schultz at cschultz@nftc.org.

## Global Innovation Forum Event in Pittsburgh with USTR Ron Kirk and Local Business Innovators

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Panelists and participants consistently credited the strength of the region's educational infrastructure and highly skilled workforce for the economy's ability to adapt and adjust to changing conditions.

Dr. Robert B. Koopman, Director of Operations at the United States International Trade Commission, led a discussion featuring representatives from GE, Google, P&G and HP on creating value in global supply chains. Noting a need to update the current "trade scoreboard" to more accurately reflect the value added from management of global supply chains, participants also commented on the effects of global integration on economic growth, poverty, labor standards and environmental sustainability.

Dr. Steven E. Sokol, President and CEO of the World Affairs Council of Pittsburgh, then led an interactive interview with Ambassador Ron Kirk on the role of foreign trade, investment flows and innovation in the success of the American economy. "There is no more treasured brand in the world than Made in America," Kirk said. "We need to make sure we take advantage of this tremendous international business opportunity by opening new markets, creating a level playing field for American businesses and workers, and providing the tools and resources to small businesses who want to export."

This event was produced with the support of a generous grant from the General Electric Foundation and was made possible through local partnership with Reed Smith LLP, the Pittsburgh Technology Council, the World Affairs Council of Pittsburgh, Catalyst Connection and the Pittsburgh Regional Alliance of the Allegheny Conference on Community Development.

For more information on the GIF, contact John Stubbs at jstubbs@nftc.org

## NFTC Wraps Up Country-wide Global Innovation Dialogues

NFTC Foundation's discussion in Pittsburgh on July 20 (see separate article on page 1) concluded a series of conversations organized by the NFTC Foundation, which brought together small business leaders and innovators from across the United States with Washington-based policy officials, business representatives and experts. The purpose of the discussions was to discuss challenges accessing global markets and how public policy can help small and large exporters and entrepreneurs succeed internationally.

Spanning more than two years, the dialogues began in Research Triangle Park, North Carolina, at an event co-hosted by the Research Triangle Foundation that featured a dialogue with a variety of manufacturers, biotechnology companies, service providers and video game designers. Since then, NFTC organized events at PARC in Palo Alto, GE's advanced manufacturing research facility outside of Detroit, and manufacturing research and services firm Techsolve in Cincinnati. In 2012, the Foundation held events with the Chicago Council on Global Affairs and Reed Smith in Pittsburgh. Keynote speakers variously included Ambassador Ron Kirk, Undersecretary of Commerce Francisco Sanchez, and Senators Kay Hagan and Sherrod Brown. The events also featured discussions led by small business CEOs, representatives from NFTC member companies, including HP, IBM, Procter & Gamble as well as economists and experts.

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## NFTC Wraps Up Country-wide Global Innovation Dialogues

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While each conversation was unique, several common challenges surfaced. Developing, attracting and retaining a skilled, globally-minded workforce emerged as the most urgent problem. Business leaders across the country repeatedly pointed to a serious need to modernize U.S. visa and immigration policies to attract skilled workers and allow entrepreneurs and highly-skilled individuals who are educated in the United States to remain in the country. Improving primary education also arose consistently throughout the discussion, with business and education leaders highlighting the importance of developing better home-grown skills across the workforce, from manufacturing apprenticeships to science and engineering PhDs.

CEOs also spoke extensively about the need to improve access to foreign markets by reducing tariff and regulatory barriers to entering new markets and by improving access to and awareness of U.S. government services available to help entrepreneurs and small companies export. Small businesses also focused on the importance of improving the legal framework and enforcement of intellectual property rights in foreign markets, suggesting they had fewer resources to track and address theft of IP or to educate customers about differentiating genuine products from knock-offs.

The effort was funded in large part thanks to a series of grants from the General Electric Foundation. NFTC members, including ABB, Chrysler, Cisco, IBM, Pfizer and Sandler Travis, also provided backing for events where they maintain a local presence. NFTC is examining ways to follow up on these discussions, while also examining the feasibility of pursuing more targeted discussions based on the outcome of this series.

For more information, contact Jake Colvin at jcolvin@nftc.org.

## GIF Signs Off on Declaration of Common Principles

The Global Innovation Forum's (GIF) Steering Committee recently codified a Declaration of Common Principles to meet the needs of global innovators and is currently recruiting additional signatories from around the world; and in 2013 will launch working groups to draft implementation guidance for governments interested in responding to the interests of global innovators.

The declaration includes a statement and policy recommendations organized into nine pillars of integrated innovation policy: trade liberalization, intellectual property rights, regulation, investment, standards, mobility, government procurement, data privacy and security, and spectrum. The mission statement is as follows:

> *Innovation – the process by which individuals and businesses generate and commercialize new ideas – drives economic growth, improves access to information, enhances communication and enables more efficient production, new high-value products and services, and higher standards of living.*
>
> *Resolving our most pressing common global challenges – eradicating poverty, combatting disease, diversifying energy sources, addressing climate change and securing food sources for growing populations, among others – will require global solutions. Success is dependent on innovation and innovation is central to assuring a future characterized by a growing, healthy and functioning international economy.*
>
> *In today's economy, mutually supportive policy environments and interoperable regulatory regimes across countries are critical to support global integrated supply chains. Bad policy in Asia affects Europe, and vice versa.*
>
> *Achieving growth in innovation to address global challenges in today's interconnected world requires rules for international trade and investment that are both updated and enforced, markets that are open, and that valuable contributions to innovation are preserved in the global marketplace. A modern trade agenda must reflect principles of openness, transparency, accountability and competition required for innovation.*

For more information, contact John Stubbs at jstubbs@nftc.org

## This issue of Council Highlights brought to you by:

U.S.-Middle East Free Trade Coalition

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# NATIONAL FOREIGN TRADE COUNCIL

*"ADVANCING GLOBAL COMMERCE FOR NEARLY A CENTURY "*

*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.*

*For membership opportunities, please contact us at nftcinformation@nftc.org or 202-887-0278.*