

Council Highlights



June/July 2004

NATIONAL FOREIGN TRADE COUNCIL

A Word from the President

One NFTC project you may not be familiar with concerns the growing problems caused by our government's changing business visa policies in the wake of 9/11.

Companies want to be able to redirect their manpower globally to meet their needs or to meet global marketing needs. As companies increasingly operate in multiple locations, they want to:

- a) bring customers to them to discuss sales and negotiate deals;
- b) move their own employees around, sometimes on short notice, to meet critical needs;
- c) provide training and other customer needs to their foreign customers.

Unfortunately, changes in government security policy in the wake of 9/11 have significantly complicated the visa process. Waiting periods are way up, there have been periods of significant backlogs, there are more and more stories of arbitrary and irrational denials, and the overseas interview requirement has created another major source of delay.

NFTC, along with a number of other organizations whose members have the same problem, have been hard at work pressing the government to address these problems, but we have not had as much success as we would like, in large part because
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Chairman's Note

Good News - Bad News on Sanctions

As you know, one of the NFTC's major activities, through its USA*Engage affiliate, is opposing unilateral sanctions and fighting for reform of the legislative and administrative process by which such sanctions are imposed. Over the years, we have made a good bit of progress in persuading policy makers in both the legislative and executive branches of government to consider the consequences of sanctions - often unintended - before acting precipitously. We have not, however, been able to put calls for sanctions, however futile, to bed permanently, and as a result we keep fighting the same battles over and over. Each time a difficult country does something we don't like, you can be sure someone in the government is calling for sanctions. USA*Engage has in the past referred to such calls as "chicken soup" diplomacy - it makes you feel better because you've done something, but it doesn't change any of the fundamentals. In fact, it might be better to call it a kind of desperation diplomacy - something you do when you can't think of anything else.

The last month has brought two significant developments on sanctions on Libya and Syria. The first is good news, the second bad. Libya's decision to give up
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TOP COUNCIL NEWS

NFTC Spearheads International Business Association Petition to WTO Member Governments

On April 30, 2004, the NFTC and 38 other business organizations from around the world issued a Call to Leadership petition to WTO member governments urging forward progress in 2004 on the Doha Development Agenda..."

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2004 NFTC Spring Tax Committee Meeting Is Big Success

"The gathering again provided an excellent opportunity for NFTC members to discuss issues of interest with government officials and Hill Staff. Hearing from the impressive list of speakers..."

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USA*Engage Announces Alliance with ATRIP to Oppose Sanctions on Cuba

"USA*Engage and ATRIP have joined forces to address U.S. sanctions policy against Cuba, further broadening the spectrum of U.S. industries involved in the coalition's efforts. With the Bush Administration's recently announced policy change on Cuba..."

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International Trade and Finance

NFTC Doha Round Working Group Trip to Geneva in Early May Conveys Need for Progress in 2004

During May 4-7, Scott Miller, Director of National Government Relations for Procter & Gamble, and NFTC Vice President Mary Irace, led a 16-member delegation from the NFTC to Geneva for a series of high-level meetings with key WTO and WTO member government officials. It was the fourth mission to Geneva organized by the NFTC Doha Round Working Group since the Doha Round was launched in November 2001. The NFTC delegation's core message throughout its visit was to urge progress in 2004 toward an ambitious outcome to the Doha Agenda trade talks, particularly with respect to concluding the necessary framework agreements on agriculture and non-agriculture market access by the General Council meeting at the end of July. The NFTC also released a new paper on the importance of concluding a trade facilitation agreement as part of the Doha Agenda's single undertaking.

The delegation's visit included several one-on-one meetings with WTO Ambassadors and chairmen of key negotiating groups and a reception in honor of the delegation hosted by the U.S. Ambassador to the WTO, Ambassador Linnet Deily. Additionally, the delegation organized a special one-day interactive workshop with numerous WTO Ambassadors during which NFTC representatives from Mars Incorporated, Procter & Gamble, GE, and DaimlerChrysler gave presentations on agriculture, non-agricultural market access and trade facilitation.

It was a successful visit that resulted in cogent communication of key U.S. business positions on the trade talks, and further strengthening of NFTC relationships with important decision-makers in Geneva. The visit also was well-timed, coming just before a critical mini-ministerial meeting in conjunction with the OECD Ministerial and during the preparatory phase for an important July General Council meeting.

NFTC Co-Hosts Reception in Honor of Ex-Im Bank's 70th Anniversary

In conjunction with the Export-Import Bank's annual conference, the NFTC co-hosted a reception in honor of the 70th anniversary of the Bank. Several top level officials participated in the reception on April 28, including Ex-Im Bank Chairman Phil Merrill, Ex-Im Board members, and Executive Vice President of OPIC, Ross Connelly. The NFTC was joined by many of its members at the reception and its other business group co-hosts, including CEE and BAFT.

NFTC Panel & Transatlantic Video Debate on Doha Round



Marc Miles and Bill Reinsch listen to a question from Bernd Fischer, Minister Economic, Embassy of Germany.



Marc Miles, Director, Center for International Trade and Economics at the The Heritage Foundation and Bill Reinsch, President, NFTC, at a transatlantic debate with EU officials on prospects for the Doha Round of trade talks.



International Trade and Finance

NFTC Spearheads International Business Association Petition to WTO Member Governments on Need for Forward Progress in Trade Talks

On April 30, 2004, the NFTC and 38 other business organizations from around the world issued a Call to Leadership petition to WTO member governments urging forward progress in 2004 on the Doha Development Agenda. The petition was endorsed by major business organizations in the United States, Europe, Brazil, Mexico, Canada, Australia, Japan and other countries. The succinct statement stresses the importance of an open and predictable multilateral rules-based trading system and urges a timely and ambitious conclusion to the Doha Round. It calls on leaders to achieve the necessary framework agreements this year to maintain forward momentum in the talks and supports bold outcomes on all three core areas of the negotiation- agriculture, goods and services. On agriculture, the petition stresses the importance of this lynchpin issue by calling for the elimination of export subsidies and trade-distorting domestic support, as well as substantial liberalization of major agricultural markets worldwide. The petition expresses support for an agreement on trade facilitation and improved transparency provisions.

NFTC Staff Member Profile Chuck Dittrich - Director of Corporate Outreach & Marketing

One would never guess that NFTC Director of Corporate Outreach and Marketing, Chuck Dittrich, once played a key role in bringing forth a Kentucky Derby-winning thoroughbred. Chuck's good nature camouflages a diverse background in both foreign policy and international business that has guided him in getting the NFTC across the finish line with multiple strategies for success in the global trade arena.

Prior to joining the NFTC, Chuck was Senior Vice President of a D.C.-based firm consulting on international business, investment and technology licensing issues. Among his projects there, he conducted on-site evaluations of Russian and Ukrainian defense plants shortly after independence to identify commercial production conversion opportunities for foreign
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FTA Update and NFTC Leadership on Morocco and Bahrain

The U.S.-Morocco FTA Coalition has continued its push on the Hill to secure passage this summer of this FTA through individual office visits as well as sending a letter to all members of Congress in support of the agreement. The FTA is slated to be signed in early June, leaving a very narrow window for Congressional consideration before the summer recess. To date, no major congressional opposition to the agreement has surfaced.

Bahraini negotiators return to Washington the last week of May for what may likely be the concluding round of the U.S.-Bahrain FTA. The agreement is expected to raise the bar for future meaningful FTA agreements. High quality sections on services and intellectual property rights (IPR) are expected, and Bahrain's actions in the areas of sanitary and phytosanitary (SPS) regulations and technical barriers to trade (TBT) are expected to serve as an excellent example of a science-based regime for the rest of the Gulf region.

On other FTA fronts, the U.S.-Australia FTA was formally signed by Ambassador Zoellick and Trade Minister Thawley on May 18 and momentum continues to build in support of congressional action this summer. The Central America Free Trade Agreement (CAFTA), due to strong union-led opposition, is not expected to come before Congress for a final vote until after the U.S. presidential and congressional elections.



International Trade and Finance



NFTC Hosts Luncheon in Honor of Mexico's Secretary of Economy, Fernando Canales Clarion and a senior delegation in Washington on April 21, 2004

The NFTC held a private luncheon for our members on the occasion of the visit of Mexico's Secretary of Economy Fernando Canales Clarion to Washington. NFTC members Delphi and Sodexo graciously sponsored the lunch. During Secretary Canales' brief visit, he also met with Hill members, Secretary Evans, USTR's Zoellick and other important figures involved in the U.S.-Mexico bilateral economic and trade agenda. Secretary Canales' primary objective was to encourage trade and investment between the two countries and address challenges and problems with appropriate officials and companies in order to help strengthen this critically important relationship.



NFTC luncheon in honor of Mexico's Secretary of Economy, Fernando Canales Clarion, April 21, 2004

NFTC Joins in Business Effort to Oppose to the AFL-CIO Section 301 Petition on Labor Rights

During April, the NFTC joined with several other business groups in lobbying against USTR acceptance of a Section 301 petition lodged by the AFL-CIO on China's labor practices. In a multi-association letter to the President on April 30 the NFTC and other business groups called on the President to reject the petition because it would be counter to the longstanding U.S. policy of deepening economic engagement with China as the best approach for improving China's observance of internationally recognized worker rights and respect for the rule of law. Additionally the letter pointed out that imposing high tariffs as the recommended solution proposed in the petition would be counterproductive and ineffective in enhancing labor rights in China. It would also violate U.S. trade commitments under the WTO.

The business letter was followed up with a series of meetings on Capitol Hill and in the Executive Branch. On April 30, the Bush Administration announced that it would not accept the petition for many of the same reasons underscored in the April 7 business letter and in the meetings that were held. The Administration took a similar stance in also opposing any Section 301 petition on China's currency valuation, which has been a concern in particular of small and medium businesses facing stiff competition from China.

NFTC Export and Project Finance Working Group Focuses on Offshore Outsourcing Legislation

The NFTC is involved in a lobbying effort to oppose legislation introduced by Congressman Sanders and more than 50 other cosponsors that would, if enacted, potentially prevent companies from getting backing from Ex-Im, OPIC and TDA. The bill seeks to make all U.S. government grants, loans and loan guarantees conditional on an annual certification by a company that any layoffs of U.S.-located workers are not proportionally greater than for workers located overseas. Many expect Sanders to attempt to include the bill as an amendment to the 2005 foreign operations appropriations bill, which is not expected to be considered until later this year. The NFTC and CEE have created a working group of interested companies to lobby against the measure, which, if enacted, would prevent some U.S. firms from using government export programs. The net effect of the bill would in fact be lost jobs not increased jobs, as Sanders alleges.



International Trade and Finance



(Continued from Page 1, "A Word from the President")

of a marked lack of sympathy on the part of the FBI and the unwillingness of the Department of Homeland Security to break a few arms and produce some solutions.

As a last resort, our group of associations sent out a poll to our members to try to quantify the damage these delays and uncertainties are causing. We released the results of that poll on June 2, which showed that the "denial and/or delay in obtaining business travel visas have resulted in significant revenue losses and indirect costs for U.S. companies...since July 2002." Based on the poll our analysts estimate total losses for U.S. companies to be more than \$30 billion! (Poll results are available on our website at www.nftc.org.)

It is our hope that perhaps this data will help convince the government that this is not a small problem- and that it is not getting better.

What should we do about it? The survey we conducted also asked for recommendations for change, and we received over 100. Distilled down to a key few, they include:

- The goal for visa processing should be 48 hours with an outside limit of 30 days;
- Consular posts should provide greater transparency to U.S. companies;
- A "Gold Card" program would facilitate visa applications and avoid problems and redundancies before they occur;
- Continued integration of government databases is essential;
- Multiple-entry, longer duration visas would lessen consular workloads;
- Consular posts should allow interviews to be scheduled over the Internet;
- Congress should exercise its oversight authority to ensure improvements in consular services.

We will be working hard to implement those suggestions, but what we really need to do is change the way we think about mobility and security. American companies are already seeing retaliation imposed by other countries in response to our restrictions. If this continues to grow, it will become a serious obstacle to global integration and economic growth.

We're used to thinking about people entering the country either as tourists/students or as immigrants. We do not yet fully understand that in a global economy there is a new category- people traveling as an integral part of their business - searching for customers, hosting customers here once they've been found, providing training, etc. Where companies once felt free to transfer people from their plant in Charleston to their plant in Omaha, for example, now it's from their lab in Taipei to their lab in Los Angeles. Only when we see mobility as an essential piece of competitiveness will we be able to get our policies back on track - and even then we will have to learn how little this kind of movement has to do with security.

(Continued from Page 1, "Chairman's Note")

its efforts to develop weapons of mass destruction and stop its support for terrorism and its subsequent validation of those commitments for American inspectors has led the United States to lift most of its unilateral sanctions (although at this time Libya remains on the list of states supporting terrorism). This is good news that will hopefully lead to greater bilateral understanding and the ultimate return of Libya to the community of nations.

The Syrian story, on the other hand, is less promising. Bowing to Congress, the President signed the Syria Accountability Act late last year and then did not exercise the waiver the law provided. Instead he imposed the sanctions required by law- a ban on the export to Syria of items on the Commerce Department's dual use control list - and chose two additional sanctions from the menu provided in the bill- a further ban on most trade with Syria and a prohibition on Syrian airlines' landing in the U.S.

From a policy point of view, this was disappointing. At least the last five administrations have argued vigorously that Presidential flexibility is needed for dealing with Syria, whose cooperation will ultimately be essential if there is to be a lasting peace agreement in the Middle East. This Administration made the same arguments when it successfully opposed this legislation in 2002. Since then, the Administration, under significant Congressional pressure, has apparently decided that Syrian cooperation in the war against terrorism and in controlling its border with Iraq has been inadequate. That may well be true.

The question, however, should be whether sanctions will change anything and, given the small amount of trade we have with Syria and the ready trading opportunity Europe provides, it is hard to see how these sanctions will exert material pressure on the Syrian government. They will, however, hurt a number of U.S. companies who either had or hoped to have significant projects there, and they will, like all such sanctions, have the effect of further cutting the American people off from the Syrian people and thus putting off any efforts to understand each other better.

Which brings us back to the name of our organization - USA*Engage. Our members don't simply oppose unilateral sanctions because we don't think they work. We believe engagement is the better course. It is harder work, requires more creative diplomacy, and is often "two steps forward, one step back," but in the end it is more likely to build lasting relationships based on mutual understanding and respect.



Tax Policy

2004 NFTC Spring Tax Committee Meeting Is Big Success

The 2004 Spring Tax Meeting again provided an excellent opportunity for NFTC members to discuss issues of interest with government officials and Hill staff. Hearing from the impressive list of speakers was complimented by the opportunity to get better acquainted in an informal setting.

As is the tradition, the 2004 Spring Tax Committee Meeting was held in Scottsdale, AZ. This year the meeting began with a Hawaiian-themed welcome reception and dinner Thursday, April 29th, and continued through lunch Saturday, May 1st. The agenda delivered on its promise to provide an information-packed meeting.

This year's meeting attendees were treated to a visit from local Congressman and Ways & Means Committee member, J.D. Hayworth. The Congressman highlighted the frustrations experienced by congressional Members as they attempt to deal with the challenges of accomplishing their legislative business in an election year. The witty delivery the Congressman is known for added to the message.

This year's agenda included participation from Administration officials from the IRS and Treasury. Among them, Hal Hicks, Associate Chief Counsel International, Nicholas DeNovio, Deputy Chief Counsel (Technical) in the Office of Chief Counsel, and Frank Ng, Director Pre-Filing and Technical Guidance, Large & Mid-Size Business Division, all from the IRS, and John Harrington, Associate International Tax Counsel, from the Department of the Treasury. Congressional Hill Staff -- including Rachel Jones, Tax Policy Director, Committee on the Budget, and Patrick Heck, Chief Tax Counsel, Committee on Finance, from the U.S. Senate, and Arshi Siddiqui, Advisor to the Minority Leader, from the U.S. House of Representatives -- gave their predictions on tax and budget matters in a panel led by Nick Giordano of Washington Counsel Ernst & Young.

In addition to the IRS, Treasury, and Hill updates, the agenda included panels on foreign tax credit issues, international partnership taxation, foreign reportable transactions, and subchapter C developments. Following the meeting, members were free to engage in the area's other activities, including golf, mountain climbing, and plenty of sun.

For information on next year's meeting or to provide comments, please contact Judy Scarabello, Vice President for Tax Policy, jscarabello@nftc.org or the NFTC website, www.nftc.org.



William McKee, McKee Nelson LLP; Hal Hicks, Associate Chief Counsel International, IRS; Scott Farmer, McKee Nelson LLP, 2004 Spring Tax Committee Meeting



Congressman J.D. Hayworth



John Harrington, Associate International Tax Counsel, Dept of Treasury; Carol Dunahoo, Baker & McKenzie; Peter Barnes, General Electric



Threat to IRC Section 911 Continues

IRC Section 911 is again under attack. As part of the agreement to move S. 1637, "Jumpstart Our Business Strength (JOBS) Act", the Senate passed an amendment offered by Senator Landrieu (D-LA) that changes how the Section 911 limitation is computed. In exchange for limiting the housing cost amount of the IRC Section 911 tax exclusion, the amendment, which passed easily, provides tax credits to employers who continue to pay the salary of an employee serving in active Guard or Reserve duty and to small businesses that hire temporary replacement workers.

IRC Section 911 allows a U.S. resident that works abroad to exclude up to \$80,000 of foreign earned income from U.S. taxation, helping to mitigate the double taxation associated with the U.S. worldwide tax system. Under current law, the housing cost amount is not part of the \$80,000 limitation. The modification required by the Landrieu amendment would limit the total amount of the exclusion (e.g., housing cost amount would be included in the \$80,000 limitation that was formerly only the foreign earned income limitation amount). The change is expected to raise \$3.1 billion over 10 years, increasing taxes on U.S. businesses and American workers abroad, while seriously undermining their ability to remain internationally competitive.

IRC Section 911 was under attack twice in 2003. In May 2003, the Senate's version of the growth package included a repeal of the exclusion. Senator Breaux (D-LA) saved the provision by offering an amendment to eliminate it from the legislation. The amendment narrowly passed. In September 2003, Section 911 was at risk again when consideration was given to repealing the provision as part of the funding for the FSC/ETI replacement bill. Significant efforts by the IRC Section 911 Ad Hoc Coalition spearheaded by the NFTC again helped to save the provision. In both instances, the NFTC on its behalf and that of twenty two other associations and organizations sent a letter to Senate Finance Committee members expressing concerns about any modifications to IRC Section 911. The letters can be found at the NFTC's website, www.nftc.org or contact Judy Scarabello, Vice President for Tax Policy at jscarabello@nftc.org.

The recent action by Senator Landrieu is further evidence that IRC Section 911 is subject to continued risk of being scaled back or otherwise modified to generate revenue to pay for popular amendments. The NFTC has said many times before that any modifications along these lines would seriously undermine U.S. competitiveness in foreign markets.

While tampering with IRC Section 911 is still considered controversial, the risk remains that the provision will not survive tweaking of some kind. The NFTC will continue to play a significant role in this fight. For more information, or to join the IRC Section 911 Ad Hoc Coalition, please contact, Judy Scarabello, Vice President for Tax Policy at jscarabello@nftc.org.

(Continued from Page 3, "Staff Member...")
manufacturers and devised a strategy to help a Japanese entrepreneur break into the largely closed and highly competitive Japanese and U.S. horseracing business, which yielded winners of both the Kentucky and Japan Derby within five years.

As Vice President of Development for the World Trade Center in Washington, Chuck was the executive producer of the largest closed-circuit satellite interactive videoconference ever mounted by PBS, down-linked to nationwide business audiences. Before that, Chuck's tenure at the U.S. Department of Commerce included several posts, including Executive Assistant and Chief of Staff to the Director General of the U.S. & Foreign Commercial Service, Assistant Director of EXPORT NOW in the Office of the Secretary of Commerce, and international trade specialist.

Chuck came to Washington as a Congressional intern, received a B.A. in International Affairs (from Marshall University) and a Master's of Public and International Affairs (University of Pittsburgh) - all leading to being named a U.S. Presidential Management Intern (PMI). Multitasking clearly has been a part of Chuck's professional manner his entire career, particularly now at the NFTC where he writes substantive policy pieces, interacts with foreign governments - including the Kingdoms of Bahrain and Morocco - and remains a constant resource to NFTC members. In describing his approach to work at the NFTC, Chuck explained, "every member of the NFTC is also our primary client, and our job is to assure their success." Responsible for strategy, communications and member recruitment and retention at the NFTC, Chuck leads the NFTC office with an attitude that teamwork is paramount. When preparing a thoroughbred organization for its many races, Chuck knows the value of the team behind the winner.



Human Resources



2003/2004 Survey on Global Mobility

The NFTC's tenth annual Global Relocation Trends Survey Report will be released in June. This report has been a valuable benchmarking tool for international human resource practitioners since 1993. The 134 companies that responded to the survey answered questions on a range of topics, including:

- Expatriate demographics, sources, and destinations
- Response to current events
- Global business strategy
- Cultural and family issues
- Assignment evaluation and completion
- Cost estimates and tracking
- Measuring return on investment
- Outsourcing

A recurring theme in this year's report is the impact of the current economic climate on international assignment programs. Respondents reported employing cost-cutting strategies such as reducing policy offerings and evaluating tax ramifications. Some of these approaches, like establishing clearer assignment objectives and taking more care selecting candidates, may result in sending more appropriate and better prepared people on international assignments, thereby leading to more successful assignments.

The survey results also show a marked shift away from the traditional long-term expatriate assignment. In fact, while past surveys have found, on average, that only 13% of all assignments were scheduled to last one year or less, in 2003, 70% of assignments were in that category. Companies are increasingly replacing long-term expatriate assignments with short-term assignments, localization of expatriates, and increased local hiring. Those companies seeking alternatives to long-term assignments overwhelmingly cited cost-effectiveness as a main reason. Future surveys will reveal whether this finding is a short-term reaction to current economic conditions or indicative of a more fundamental change in how companies meet their global staffing needs and manage their global workforces.

The Global Relocation Trends 2003/2004 Survey Report is sponsored by the National Foreign Trade Council, The Society for Human Resource Management Global Forum, and GMAC Global Relocation Services. To request a copy of the report, please contact Denise Schulman at dschulman@nftc.org.

International Benefits Committee-Meeting - New York City - June 14, 2004

The NFTC's International Benefits Committee will hold a full-day meeting on June 14 at the Yale Club of New York. The agenda will include:

- Update on Benefits Management in Central and Eastern Europe- Maria Pogatsas of AIG's Warsaw, Poland office will present.
- India- An Update- Ambassador Frank G. Wisner, Vice Chairman-External Affairs, AIG
- Japan-Panel discussion on introducing Defined Contribution Pension Plans
- Utilizing Restricted Stock or Performance Units-Speaker to be announced
- Update on Cross-Border Data Privacy Laws

Note: This is a working group intended for senior international benefits management professionals. Seating is limited.

For further information contact Denise Schulman , dschulman@nftc.org, or Bill Sheridan at wsheridan@nftc.org

Tenth Annual International Human Resources Conference-New York City- July 14-15, 2004

The NFTC will host its' 10th annual IHR conference in New York City at the New York Athletic Club. The theme will be "The Competitive Advantage of Strategic Global Human Capital Management." The program will include:

- India: Doing Business There Today
- China:The Costs, Benefits and Challenges of Relocating Ethnic Chinese Employees
- The Value of Leveraging Diversity in a Global Environment
- Offshoring(Global Sourcing):Politics and the Implications for Business
- Global Mobility Policies and Practices:Best Practice and Recent Trends
- The Legal Hurdles of Getting People into the U.S.
- Executive Compensation Programs:Aligning Goals and Resources for Competitive Advantage

For further details on the agenda and registration contact Denise Schulman at dschulman@nftc.org or at 212/399-7128 or visit the NFTC website www.nftc.org.



USA*Engage



USA*Engage Announces Alliance with ATRIP to Oppose Sanctions on Cuba

USA*Engage and the Association of Travel Related Industry Professionals (ATRIP) have joined forces to address U.S. sanctions policy against Cuba, further broadening the spectrum of U.S. industries involved in the coalition's efforts. With the Bush Administration's recently announced policy changes on Cuba, the ATRIP-USA*Engage alliance is well timed. The current report by the President's Commission for Assistance to a Free Cuba calls for new initiatives that will cause economic hardship to U.S. companies engaged in lawful travel services, and further strain U.S. Cuba relations. The Administration's policy prohibits "fully hosted" travel (during which U.S. visitors do not spend any U.S. currency) that is not in violation of the embargo. The new regulations also restrict the weight of passenger flight baggage, and humanitarian remittances to and licensing for visits to family members in Cuba.

The USA*Engage/ATRIP Alliance will also be lobbying in support of The Cuban Sanctions Reform Act of 2004, which requires annual Congressional renewal of existing travel and trade sanctions on Cuba. The bill-introduced in the Senate by Senators Max Baucus (D-MT), Pat Roberts (R-KS) and Mike Enzi (R-WY) and in the House by Reps. Butch Otter (R-ID), Jeff Flake (R-AZ), William Delahunt (D-MA), George Nethercutt (R-WA) and Sam Farr (D-CA) - does not end the restrictions on travel and trade with Cuba, nor does it limit the President's authority to impose new sanctions. Under the Cuba Sanctions Reform Act, sanctions would expire one year after the bill's enactment, unless Congress approves, and the President signs, a joint resolution to continue them. For more information on these efforts, please contact Jody Frisch at jfrisch@nftc.org, or x119.

USA*Engage Successfully Opposes Lautenberg Amendment to Extend Sanctions to Foreign Subsidiaries; Hosts Briefing with Commerce Department on Libya and Syria Regulations

The coalition extensively lobbied the Senate to oppose the inclusion of an amendment to the FSC/ETI "Jobs" bill that would have extraterritorially applied U.S. embargoes to foreign subsidiaries of U.S. companies. Four successive Administrations have purposefully crafted new sanctions to avoid extraterritorial reach following the trade row that ensued when the U.S. attempted to ban European subsidiaries from participation in the Siberian gas pipeline project in 1982. The Amendment was eventually considered on May 19 during floor proceedings on the Defense Authorization bill and failed 50-49 in a heavily partisan vote.

USA*Engage hosted a briefing on May 13 with Commerce Department Bureau of (Continued on Page 10)



U.S.-South Africa Business Council

U.S.-South Africa Business Council Reviews South African Elections with U.S. Ambassador to South Africa and Meets with USTR Negotiator for U.S.-SACU FTA

The results of South Africa's April 14 elections were discussed on May 4 in a Business Council meeting with the outgoing U.S. Ambassador to South Africa, Cameron Hume, and Princeton Lyman, one of his predecessors. Following the elections, long-time trade and industry minister, Alec Erwin, became Minister of Public Enterprises and Mandisi Mpahlwa succeeded him as trade minister. Other key officials of the ministry remain in place and the change is not expected to result in policy changes. The Business Council will be holding receptions for two new U.S. officials confirmed by the Senate in late April: Constance Newman, the new Assistant Secretary of State for Africa and Jendayi Frazier the new U.S. ambassador to South Africa.

The U.S.-South Africa Business Council-sponsored coalition on the U.S.-SACU free trade negotiations met on May 20 with Assistant USTR for Africa Flori Liser to be briefed on the May round of negotiations and to discuss plans for the next round to be held in Atlanta in mid-June. The Business Council will sponsor an investment seminar for SACU country representatives in Atlanta. The talks are now focused on the "phase II" issues: investment, intellectual property rights protection, telecommunications, government procurement, labor and environment and financial services.

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NFTC New Members



Cort Business Services provides comprehensive relocation assistance to over 80% of the Fortune 500. From flexible lease terms on quality furniture to trade show services, relocation assistance and a unique national accounts program, Cort provides the kind of support today's business leaders demand. Paula Green, Director, National Accounts represents the company in their NFTC International Human Resources membership. www.cort1.com.

Holland & Knight LLP is among the largest and fastest growing law firms in the world with more than 1200 lawyers who practice in over 100 areas of law. Their clients' business interests range in scope from local to global and span industries such as banking and finance, utilities, insurance, domestic and foreign governments, media, shipping and cruise lines, airlines and aircraft manufacturing, transportation, real estate development, mining, agriculture, trade, intellectual property, health care, construction, entertainment, telecommunications, hotel and timeshare, e-commerce, venture capital, and emerging companies. Beth A. Viola, Managing Director of Holland & Knight Strategic Communications Group, represents the firm in its general membership in the NFTC www.hklaw.com.

Lucent Technologies designs and delivers the systems, services and software that drive next-generation communications networks. Backed by Bell Labs research and development, Lucent uses its strengths in mobility, optical, software, data and voice networking technologies, as well as services, to create new revenue-generating opportunities for its customers, while enabling them to quickly deploy and better manage their networks. Lucent's customer base includes communications service providers, governments and enterprises worldwide. Laura Kern, Senior Manager, Employee Assignment Services represents Lucent in their NFTC International Human Resources membership. www.lucent.com.

Mellon Human Resources and Investor Solutions fuses human capital and financial expertise to help global companies meet and exceed business objectives. They work with business to design, build and operate complete HR and investor services programs that solve the most complex business challenges. Mellon is the fourth largest provider of human resources consulting services and an emerging leader in the rapidly growing area of human resources outsourcing that uses technology to administer benefit plans and other human resources services. Mellon is also one of the most experienced providers of investor services for corporations and shareholders and offers innovative products and services to more than 1,700 companies and administers more than 24 million shareholder accounts worldwide. Michael Piker, Director, Global Strategy and Client Management represents the company in its NFTC International Human Resources membership. <http://www.mellon.com/hris/index.html>.

Nord/LB New York Branch is part of an internationally active major German bank which serves subsidiaries of German corporations and Fortune 500 companies in the United States. Operating with a small and experienced team of banking professionals, they achieve high flexibility and dedication with a relationship-focused business approach. Their capabilities include a wide range of products in corporate lending, to both corporate clients and financial institutions, structured finance, notably project finance, export finance and advisory services, asset-backed finance, investment banking activities, including securities, money market, foreign exchange and treasuries. Bruno Mejean, Senior Vice President, Structured Finance participates in the bank's NFTC Export and Project Finance membership. www.nordlbnewyork.com.

*(Continued from Page 9, "USA*Engage Successfully Opposes...")*

Industry and Security staff to review new regulations implementing the Syria Accountability Act and further removing sanctions on Libya. The Syria sanctions prohibit U.S. exports and deny Syrian aircraft access to the U.S. Certain classes of items will be exempted from sanctions and will be eligible for export with a license to include food, medicine, medical devices, telecommunications software, and civil aviation safety-related equipment. On April 22, the President issued orders suspended the trade and investment embargo on Libya, and removing it from Iran-Libya Sanctions Act coverage. For more information, contact Haynes Roberts at hroberts@nftc.org, or x115.

(Continued from Page 9, "U.S.-South Africa Business...")

Investment protection, especially in the U.S.-SACU FTA talks, is a top priority for the Business Council. The Business Council met on April 27 with the Deputy USTR, Ambassador Josette Shiner, to discuss the U.S. position on investment in the U.S.-SACU FTA talks. One of the issues raised was the impact on American companies of the emerging black economic empowerment requirements of the South African government. Ambassador Shiner requested we send her a memorandum detailing the concerns of the business community, which was done on a confidential basis ten days later.



Calendar of Events



<u>Date</u>	<u>Topic</u>	<u>Location</u>
June 7-8	Board of Directors Meeting	Philadelphia, PA
June 10	Conference on Black Economic Empowerment in South Africa	New York City
June 14	International Benefits Committee*	New York City
June 14	Private Meeting with Lionel October, Ministry of Trade & Industry	New York City
June 16	Executive Human Resource Strategy Forum*	New York City
June 22-24	6th Round of U.S.- SACU FTA negotiations	Atlanta, GA
July 14-15	Annual International Human Resource Management Conference	New York City
July 21	Tax Lunch Forum	Washington
July 21	Tax Steering Committee Meeting	Washington
September 15	Tax Lunch Forum	Washington
September 15	Tax Steering Committee Meeting	Washington
September 15	International Human Resources Seminar	Detroit, MI
September 20-22	Expatriate Management Committee*	Boston, MA
September 23	International Human Resources Seminar	Boston, MA
October 13	International Benefits Committee*	New York City
October 13	Tax Lunch Forum	Washington
October 13	Tax Steering Committee Meeting	Washington
November 3-5	International Assignment Management Committee	New York City
November 16-17	Fall Tax Committee Meeting	Washington
November	Annual World Trade Dinner and Award Ceremony	New York City
November	Annual Membership meeting	New York City
November	Board of Directors Meeting	New York City

**Note: The Tax Steering Committee Meetings, SACU FTA Chapter Briefings, Expatriate Management, Global Compensation and International Benefits Committees are by invitation only. For information about them contact Chuck Dittrich, (202) 887-0278, e-mail cdittrich@nftc.org.*



National Foreign Trade Council



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