

# Council Highlights



August 2002

NATIONAL FOREIGN TRADE COUNCIL

## A Word from the President

This time, instead of commenting on some of the Council's pending business, I want to talk about another hat I wear - commissioner on the U.S.-China Security Review Commission. This group, consisting of 12 private sector individuals, 3 appointed by each House and Senate leader from each party, was established in the wake of enactment of the Permanent Normal Trade Relations (PNTR) legislation for China two years ago. You will recall that each year following the Tiananmen Square tragedy the NFTC devoted considerable resources to lobbying for renewal of China's most-favored-nation status and then in the late 1990's for PNTR.

The Security Review Commission was an effort, largely coming from the Senate, to make up for the fact that there would no longer be an annual vote on normal trade relations for China and thus no opportunity to periodically review the state of the relationship. The Commission's required annual report was to become a substitute for that process. (Note that there is another group, the Congressional-Executive Commission on China, consisting of Members of Congress and the Executive Branch, that also grew out of the PNTR debate and which focuses primarily on human rights and rule of law issues. Its report is due in early October.)

My Commission's first report was issued on July 15, and I found myself the lone dissenter. I dissented because I felt the report was unbalanced and, in virtually every area, focused on the problems in the bilateral relationship rather than the opportunities. Particularly distressing - and one of the reasons why I am writing this - was the sharply negative attitude of some of the commissioners toward the  
*(continued on Page 3)*

## Chairman's Memo Globalization: Brand Management

As I said in my last Council Highlights message, the NFTC directors planned to discuss globalization during their day long Board meeting in Chicago. We met in mid-June, and, since our Board includes representatives from some of the nation's largest, most innovative and globally active companies, the debate, was lively and multilayered. That was to be expected and the many different perspectives only reinforced my appreciation of the value and the strength of the NFTC.

In the room were companies that collectively operate and contribute to the tax base of almost every country where American companies are permitted to operate, employ millions, invest billions and are involved in a extensive range of sectors including manufacturing, transportation, energy, retail, consumer goods, chemicals, food and beverages, telecommunications, electronics, construction, insurance, financial services, consulting and accounting. Therein lies the strength of the NFTC. When we take on an issue and come to consensus, whether it is on FSC/ETI, sanctions, or the negotiating priorities of the Doha Round, our position has a very broad base and has commensurate impact.

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## TOP COUNCIL NEWS

### NFTC Doha Round Working Group Meets with High Level Officials in Geneva

"The NFTC led a 10-minute delegation visit to Geneva for an intensive three days of meetings with WTO and foreign officials..."

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### Results of the NFTC's International Tax Priority Survey

"The NFTC surveyed its Tax Committee regarding international tax provisions that would make U.S. companies more competitive internationally."

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### US-South Africa Business Council Meets with Secretary O'Neill

"...on July 8 to debrief our member companies on his recent Africa visit, which included three days in South Africa."

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# Event Photos



NFTC Delegation to Geneva



NFTC Chairman, Michael Jordan at the June 12th, 13th Annual Global Human Resources Conference



Mary Irace, NFTC Vice President for Trade and Export Finance and Ambassador Sun, China's Ambassador to the WTO



NFTC Board Member and Dupont Executive, Geoff Gamble; Marietta Bernot, trade advisor to Mars Incorporated; with Pierre-Louis Girard, Swiss Ambassador to the WTO and Chairman of the Negotiating Group on Market Access



Senator Max Baucus, Chairman of the Senate Finance Committee and Jane Howard of Bechtel at the "GBD/NFTC Environment and Investment in the WTO Luncheon", June 12, 2002

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# A Word from the President

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American business community - the belief that our companies were only interested in their bottom lines and couldn't care less about their country -- ironic since the report also criticized the Chinese for attempting to curtail and control American influence in China, at least implicitly acknowledging the importance of the American presence there.

On the whole, the report is a disappointment, but I want to make sure the Council's members are aware of it since it is going to be an annual feature of the public policy debate on China for some time to come, and it is going to be important for the business community to engage the Commission and forcefully articulate its views.

Following are the dissenting views I attached to the report. The report itself can be accessed on the Commission's website: [www.uscc.gov](http://www.uscc.gov).

## DISSENTING VIEWS OF COMMISSIONER WILLIAM REINSCH

With regret, I dissent from this report. On the whole it fails to present a fair and objective analysis of the U.S.-China security relationship. Instead, by consistently seeing the glass as half empty rather than half full, the report ignores progress made over the past twenty years, adds to the level of paranoia about China in this country, and contains recommendations that could make that paranoia a self-fulfilling prophecy.

In fairness, the Chinese provide ample incentive for a negative report. They are far from democracy and a market economy and are making little progress toward the former and irregular progress toward the latter. Market

access problems and failures of intellectual property protection abound. An accurate description of China is that it is a work in progress. Unfortunately, this report ignores the progress, holds the Chinese to a higher standard than we hold others, fails to understand that U.S. and Chinese geopolitical interests in the region will inevitably diverge regardless of what kind of government China has or what kind of economic policies it pursues, and assumes a static U.S. policy incapable of taking the initiative in the relationship. The report spends virtually all its space describing Chinese past actions that have damaged our relationship and future actions that would make it worse and only rarely focuses on the more important question of how we can make it better.

The report's tilt is embodied in its perspective and tone. It consistently implies the Chinese deserve blame for acting in their own interest rather than ours. It is ironic that the report implicitly criticizes the Chinese for viewing the U.S. as a hegemon at the same time it presents a view of U.S. interests in Asia that can only be described as hegemonic. The Commission majority has bent over backwards to avoid describing the Chinese as a "threat;" yet the belief that they are permeates every chapter. At the same time, the Commission majority implicitly but clearly would abandon the policy of engagement that has characterized the last five administrations in favor of a policy of suspicion driven by preparation for a variety of worst-case scenarios. In doing so, the report ignores or denigrates the positive role of American business in bringing free market principles and American democratic values to China. Ironically, the report criticizes China's efforts to prevent these influences from spreading, thus acknowledging their signifi-

cance, while it discourages American companies from expanding their activities.

The truth is our bilateral relationship is doomed to be difficult. We vie for influence in the region. This is neither unnatural nor unusual and should not be justification for demonizing China and turning our relationship into a struggle between good and evil.

One of the main reasons for our concern - barely noted in the report - is the sheer size of the Chinese economy. The Western market system has no experience absorbing a new entrant of such enormous productive capacity. Instead of looking at that seriously, the report attempts to blame China for virtually every economic problem the U.S. has, ignoring the fact our manufacturing base has been eroding; the trade deficit has been growing; and the dollar has been too strong for a long time for reasons that have little to do with China. In fact, China is pursuing policies that Japan, Korea, Taiwan, Malaysia, and others have pursued for years. The difference, again, is not policy but the size of the economy. The U.S. has spent very little time analyzing the problem from that perspective and is largely unprepared to deal with rapid Chinese growth. Unfortunately, this report adds heat rather than light to the debate by focusing on short term protectionist solutions rather than recommending a coherent program for staying ahead technologically - "running faster" - in the long term.

There are many recommendations

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# Trade and Export Finance



## NFTC Doha Round Working Group Meets with High-Level Officials during Delegation Visit to Geneva in June

As part of its ongoing special project on the Doha Round, the NFTC led a 10-member delegation visit to Geneva for an intensive three days of meetings with WTO and foreign government officials. The purpose of the meeting was to exchange views on the current status of the Doha Development Agenda negotiations, strengthen NFTC relationships with WTO officials and build support for NFTC recommendations for the negotiations as laid out in the NFTC's recent publication "Vision 2005: Free Trade and Beyond."

During the delegation visit, Doha Round Working Group members were briefed by the WTO Secretariat on the major areas of the negotiation and met separately with the Director General-designate, Dr. Supachai. Several individual meetings were held with Ambassadors of different missions to the WTO, including Ambassadors responsible for chairing different negotiating groups. These included ambassadors from Mexico, Switzerland, Hong Kong, China, India, Brazil, New Zealand and the EU. The Korean ambassador hosted a special session at his mission that enabled the NFTC group to engage in broad discussions with some 19 different foreign government missions.

By all accounts, the NFTC delegation visit was productive and extremely useful. Several delegation members complimented the NFTC on its comprehensive set of recommendations, many of which contain bold liberalization proposals. The vision of a global tariff free regime for industrial goods attracted particular attention, as well as the NFTC's willingness to address sensitive U.S. domestic issues on agriculture and rules. Among the delegation's findings were that major areas of the negotiations are tightly inter-linked; TPA enactment is essential for serious forward movement; and developing countries need much more convincing and education on the benefits to themselves of opening their markets. The importance of meeting the "built-in" deadlines in 2002 and 2003 is seen as critical to next year's ministerial meeting in Mexico, which was agreed to be vital to the ultimate success of the Doha Agenda.

The Doha Round Working Group plans to organize another delegation visit to Geneva in the late fall and is also in the process of meeting with U.S. government officials and Washington-based embassies as part of its ongoing special project on the Doha Round. For more information, please contact Mary Irace at 202/887-0278.

*(continued from Page 1; Chairman's Memo)*

That said, there were almost as many opinions on globalization in the room as definitions of the word itself. One very perceptive observation was that globalization, the increased economic integration of the world market place and all that implies, may be seen as a brand. We believe in the potential of the brand to bring increased economic growth to participating countries. To us, the globalization brand can convey economic growth and increased opportunity, including to the world's poor. Globalization can convey solutions to poverty, hunger, disease, and environmental degradation, and the sharing and celebrating of the mosaic of unique cultures in the world.

However, management and care of the brand is an increasing challenge. Activists -- special interest groups with little transparency or accountability - are aggressively defining the debate, and the world press often picks up the loudest and most sensational voices in the crowd. That, in turn, becomes a real disincentive for the business community to continue its engagement efforts, to the detriment of economic growth here and in the developing world.

To ignore this "battle of the brands" risks not only the economic progress possible through an open rules-based trading system, but it distorts business' record of positive contributions as well as their ability to grow in the future. How the NFTC as an organization should participate in this battle is still being formulated, and we'll report back in a subsequent issue of the Highlights. Whatever we do, it will be tied to our mission of open markets and targeted toward the base that we best educate and influence -- the U.S. government, the U.S. press and increasingly, the governments of other nations, such as those we met with recently in Geneva.



# Trade and Export Finance



## TPA Legislation in Conference with Final Action in Sight

With the passage now of TPA legislation by both the House and Senate, and with the recent announcement of conferees for the bill, the business community is within reach of achieving one of its top trade policy objectives this year. As the Highlights went to press, the NFTC and members of the USTrade coalition were lobbying hard for a quick TPA conference and final action by August recess. It remains a very tough battle, with thin margins of support in the House.

Until TPA is enacted, major new trade liberalization initiatives are either blocked or slowed down. The vital importance of TPA was reinforced during the recent NFTC visit with WTO member missions and officials in Geneva. The NFTC strongly encourages all its members to contact by phone or letter Members of Congress with whom they have a constituent relationship.

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## NFTC Export and Project Finance Committee Meeting with Ex-Im Bank Officials on Policy Issues

On June 27, members of the Export and Project Finance Committee met with senior Ex-Im Bank officials Jim Cruse and Helene Walsh to review the implementation of important policy reforms on foreign context, local cost and co-financing. These reforms were the result of an NFTC-led business effort that focused on achieving important policy reforms at Ex-Im Bank to improve its competitiveness vis-à-vis its foreign counterparts.

Both officials emphasized that the reforms were working smoothly, but strongly encouraged exporters to fill out the voluntary reporting request on foreign content, which is found at the end of the Exporter's Certificate. Ex-Im Bank will be reviewing the overall foreign content reforms in the future and filling out the Content Report and Aggregate Foreign Content Cause Report will provide the data necessary to demonstrate that the changes are working as intended. Labor groups and their representatives on the Export-Import Bank Advisory Committee, are quite interested in the review process. For questions regarding the reporting requirements, please call the Policy Group at 202/565-3760.

## GE Joins Doha Round Working Group

The NFTC would like to welcome GE as its newest member of its Doha Round Working Group. A total of 16 NFTC members are now in the project, which is designed to provide a broad-based business voice and focal point on the Doha Development Agenda. A great deal of focus is centered on the negotiations as they unfold in Geneva. Most recently, the NFTC published its set of comprehensive recommendations for the Doha Agenda and led a 10-member delegation visit to Geneva. For copies of the NFTC paper, please check the NFTC's website, [www.nftc.org](http://www.nftc.org)

## Export-Import Bank Reauthorization Legislation Signed into Law

After many months of work and lobbying activity by the NFTC and its Export and Project Finance Committee, legislation (S.1372) to reauthorize the Export-Import Bank was finally signed in law by President Bush on June 14. The NFTC hailed the legislation as vitally important to American exporters and workers. The legislation extends Ex-Im's Charter through September 2006 and provides new authority to address U.S. exporter concerns about the growing use of market windows by Canada, Germany, and other countries, among other provisions.

Now that Ex-Im has been successfully reauthorized, the NFTC will begin planning for the reauthorization effort that will be need for OPIC next year.



# Trade and Export Finance



## NFTC Meets with Moroccan Ambassador on Future U.S.-Morocco FTA

In a breakfast meeting with Ambassador Mekouar, the new Moroccan Ambassador to the United States and NFTC Vice President for Trade and Export Finance, Mary Irace, participated in a small group discussion on Morocco's strong interest in a free trade agreement with the United States. In light of President Bush's recent announcement that the US is interested in a U.S.-Moroccan FTA, Morocco would like to work with the NFTC and U.S. business community to generate support for moving forward.

From both an economic and political standpoint, a U.S.-Morocco FTA would be of strategic value. It would, in particular, expand U.S.-Moroccan business opportunities and support an economic-reform minded developing country that is also a strong ally of the United States. Morocco has played a very useful role in supporting U.S. efforts to launch the Doha Development Agenda and is of growing importance as a developing country voice in support of trade liberalization and reform. Such developing country positions are absolutely critical to the ultimate success of the WTO trade talks.

The NFTC is exploring whether to engage more proactively in building support for an FTA with Morocco, and welcomes input from our members about such an initiative. Please e-mail Mary Irace at [mirace@nftc.org](mailto:mirace@nftc.org). to express your views and/or seek more information.

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### 3.5 Million U.S. Jobs Attributed to FSC/ETI Regime by NFTC Study

An NFTC study released earlier this month attributed 3.5 million U.S. jobs to exports that benefited from the FSC/ETI regime. The study was prepared by PricewaterhouseCoopers LLP and was based on 1999 data, the most recent available.

Of the total, 1 million jobs were directly attributable to Foreign Sales Corporation Extra-Territorial Income ("FSC/ETI") benefited exports and 2.5 million jobs were indirectly attributable (as a result of intermediate goods and services used in the production and distribution processes). Historically, wages and benefits earned by U.S. workers at plants that export are significantly higher than those earned by other domestic workers.

Of the \$990 billion U.S. exports, almost one-third, or \$310, have benefited from FSC/ETI, accounting for 3.4 percent of U.S. Gross Domestic Product. California, Texas, Michigan, New York and Washington had the most FSC/ETI benefited exports in 1999, accounting for 44 percent of FSC/ETI exports and 39 percent of FSC/ETI related jobs. A copy of the study is available at [www.nftc.org](http://www.nftc.org).

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



## **NFTC Territorial Tax Study is Completed and Will Appear in Tax Notes International**

The results of the NFTC Territorial Tax Study, released June 13th, will be featured in the July 29th issue of Tax Notes International. The Study was prompted by a variety of issues, but most recently by a decision from the World Trade Organization ("WTO") that the U.S. Foreign Sales Corporation Extra-Territorial Income ("ETI") regimes provided an illegal export subsidy. A territorial tax system has been touted by some as a way to make U.S. multi-nationals more competitive globally and as a resolution to the ETI dispute.

Thirty-five NFTC member companies joined the Territorial Study Group which was formed to examine the practical implications of a territorial tax system on U.S.-based multinational companies. The participating companies reviewed the basic features of traditional territorial tax systems and completed questionnaires that gathered company information on the impact of a territorial tax regime. After studying various territorial exemption systems and a foreign source exemption proposal, and taking questionnaire results into consideration, the Study Group concluded that to make U.S. companies more competitive globally required resolving many of the same issues that plague the current U.S. international tax regime.

The Study Group concluded that the benefits of an exemption system would not be realized without modifications to the current system. The issues that would continue to hamper the competitiveness of U.S. companies are: the overly broad scope of subpart F with respect to active business income; the over allocation of expenses to foreign income; and the restrictive aspects of the foreign tax credit. Efforts instead should be focused on reform in these areas. The full report can be found at [www.nftc.org](http://www.nftc.org).

## **Results of the National Foreign Trade Council's International Tax Priority Survey**

The NFTC surveyed its Tax Committee regarding international tax provisions that would make U.S. companies more competitive internationally. In the survey two pertinent tax categories deemed ripe for reform were ranked by their importance and their respective sub-categories were prioritized. A group of about fifty US based multi-national corporations representing almost all sectors of the American economy responded to the survey giving it credible and broad-based results. The first tax category under consideration, the Foreign Tax Credit, appears to be the top concern of the private sector, obtaining 56% of top ranks, while Subpart F also remains a high priority, securing 44% of top ranks.

The seven sub-categories falling under the Foreign Tax Credit category were: (1) the 90% alternative minimum tax foreign tax credit limitation; (2) the structural over-allocation of interest expense against foreign-source income; (3) the asymmetrical treatment of foreign and domestic losses; (4) the excessive separation of income into multiple baskets; (5) the extension and ordering of the foreign tax credit carry forward; (6) full look-through for 10/50 companies; (7) repeal of section 907. Proportionally taking into account top ranks as well as lesser ranks, sub-category 5 emerged as the top priority with sub-category 2 following close behind. Sub-categories 3 and 4 also remained important areas of concern.

The five sub-categories under Subpart F were: (1) income from payments between active foreign affiliates; (2) income earned by centralized sales and services companies; (3) income earned by active businesses in the financial services and shipping sectors; (4) incidental investment income of active businesses, such as interest on working capital; and (5) income from the "downstream" activities of active oil businesses. Sub-categories 1 and 2 received the overwhelming majority of top ranks making them the most pressing concerns under the category of Subpart F. Although the industry specific sub-categories 3 and 5 did not receive high ranks on the whole, corporations within those sectors habitually ranked these items very high. Detailed information concerning these international tax provisions can be found in the NFTC's foreign income project, International Tax Policy for the 21st Century, [www.nftc.org](http://www.nftc.org).

Finally, corporations were given the opportunity to make additional comments and suggestions on international provisions that will make S.S. companies more competitive internationally. The recommendations ranged from pleas to simplify international reporting requirements in general to eliminating the law that requires a corporation to recapture 50% of prior overall foreign source losses ("OFL") in the year when it generates foreign source income. Other suggestions included requests to make the active financing exception in 965(h) permanent, repeal/simplify the dual consolidated loss rules, adopt the NFTC Footnote 59 FSC/ETI proposal, and increase the de minimus exception of Subpart F.



## South Africa Business Council/USA\*Engage

### USA\*Engage and NFTC Advocate Reforming the Alien Tort Act

A group of USA\*Engage companies is lobbying for a change in the Alien Tort Act of 1789, under which a proliferating number of cases are being brought in US courts on behalf of foreign nationals against US companies (see related item on South Africa). USA\*Engage has met with the State Department legal advisor and senior regional officials, the Commerce Department counsel general and the senior staff of the Secretary of Energy to urge them to alert courts to the foreign policy impact of adjudicating these cases and to seek ways to stop the growing abuse of this law. USA\*Engage is systematically meeting with executive branch agencies and subsequently will meet with members of Congress to urge an Administration position opposing abuse of this law as a general matter and to explore the possibility of a legislative remedy.

### US-South Africa Business Council Meets with Secretary O'Neill; Plans Conference for Announcement of Free Trade Talks; Will Assist Plaintiffs in Apartheid Lawsuit

Treasury Secretary Paul O'Neill met with the US-South Africa Business Council on July 8 to debrief our member companies on his recent Africa visit, which included three days in South Africa. Secretary O'Neill, who was accompanied by the rock singer, Bono, focused primarily on the HIV/AIDS pandemic. He stressed that US government assistance programs in this, as in other, areas should have measurable results. Too much money has been spent for too long in pursuit of vague objectives that are not susceptible to quantifiable assessment. O'Neill strongly supports an expanded US business role and agreed to participate in a conference to publicize business opportunities in Africa for US companies.

The Business Council has subsequently proposed that it sponsor a conference specifically to discuss the benefits to US business of a successful free trade negotiation with the Southern African Customs Union (which includes South Africa, Lesotho, Swaziland, Botswana and Namibia). The proposed conference, which would provide the occasion for USTR to announce that FTA talks are beginning, has been welcomed by both USTR and Treasury. The event will also serve to launch of the Business Council's special project to gather, synthesize and convey business priorities for the negotiations to USTR. The decision to negotiate is likely to be announced in September - after SACU has achieved consensus and made institutional adjustments and after Congress has passed trade promotion authority. The TPA law will require a 90-day hiatus before negotiations can begin, meaning the talks will begin no sooner than the end of 2002. Companies wishing to participate in the South Africa free trade agreement working group should contact Dan O'Flaherty at [doflaherty@nftc.org](mailto:doflaherty@nftc.org) or Emily Solomon at [esolomon@nftc.org](mailto:esolomon@nftc.org).

The Business Council is also organizing a special project to respond to an important new challenge: a lawsuit filed against US and EU companies in mid-June in New York claiming "vicarious liability" for human rights abuses committed during apartheid. The suit accuses US companies of complicity in "victims of apartheid-related atrocities, human rights violations and crimes against humanity." The initial filing, under the Alien Tort Act, named three companies and 100 "John Doe" defendants, about 35 of which have subsequently been identified, including a number of Business Council members. The Business Council lawsuit project will enable companies to work with each other as they respond to the suit, to speak with one voice through the Business Council when it is deemed desirable, to share information and to discuss common strategies. An additional lawsuit is said to be in preparation by a different lawyer who may announce his suit in the late summer. The Business Council can e-mail a copy of the complaint filed in June and press accounts to any company that wishes to receive it. Contact Dan O'Flaherty or Emily Solomon for this as well.

### USA\*Engage Supports Measures to Loosen the Cuban Trade Embargo

The NFTC-sponsored USA\*Engage coalition is lobbying for repeal of three important parts of the trade embargo on Cuba: the travel ban, the prohibition on private financing of agricultural and medical exports, and a measure ("Section 211") that puts US trademarks registered in Cuba at risk and violates US treaty obligations on intellectual property protection. A WTO panel has required the US to change the trademark provision by January 3, 2003. On July 17 the Senate appropriations committee unanimously approved revoking the travel ban. The measure still must pass the House and faces a possible veto. The agricultural export financing and trademark issues will arise later in the year on appropriations bills. Members who would like more information about these efforts should contact Haynes Roberts at [hroberts@nftc.org](mailto:hroberts@nftc.org).



# Human Resources



## 2002 Expatriate Survey

Building on a survey completed in 2001 of both expatriate employees and international human resources executives, a new survey delved more deeply into the expatriate experience. This year expatriate respondents were surveyed about the impact of world events on their experience and employer communications regarding safety and security issues. As in 2001, sponsors for the 2002 independent survey were the NFTC, CIGNA International Expatriate Benefits and World at Work.

A key objective for the NFTC and the other sponsors was to begin developing a set of "best practices" based on current expatriates' attitudes on a range of topics in order to advise employers on the best ways to select, retain and motivate expatriate employees.

"Overseas and Overwhelmed" -- faced with the growing uncertainty about their safety while on international assignment, the majority of expatriates in the survey felt that they were not given enough assistance to help them cope. Nonetheless, 77% said recent world events did not reduce the likelihood of completing their assignment.

For a complimentary copy of the survey report, contact Bill Sheridan at 212/399-7128 or [wsheridan@nftc.org](mailto:wsheridan@nftc.org).

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## NFTC Board Update

At its June 17 meeting in Chicago, NFTC member Pernod Ricard USA, an American producer and distributor of fine spirits and wine, was elected to the NFTC board. Mark Orr, Vice President, North American Affairs, Pernod Ricard USA was elected as the Director. Anne Alonzo, an officer of the NFTC, was elected Secretary of the Board.

The following individuals were newly elected to represent their corporations on the NFTC board: Louis Mezzo, Partner, Ernst & Young and Virginia Hollis, Vice President of Global Markets, Cigna International.

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## New NFTC Members

AOL Time Warner is the world's first Internet-powered media and communications company, whose industry-leading businesses include interactive services, cable systems, publishing, music, networks and filmed entertainment. Laura Lane, Vice President, International Public Policy, represents the company on the NFTC International Tax Committee. ([www.aoltimewarner.com](http://www.aoltimewarner.com))

Assicurazioni Generali USA is the U.S. subsidiary of Assicurazioni Generali, Spa., Italy's top insurance company, which carries on insurance operations in some 50 markets over the five continents, through a network of more than 120 local units (subsidiaries and branches) as well as through a number of specialized offices providing assistance to multinational clients the world over. Marc Reinhardt, Senior Regional Director represents the firm in the NFTC's International Human Resources activities. ([www.generali.com](http://www.generali.com))

BUPA International is the specialist international division of BUPA, the UK's leading independent health care organization and one of the largest International expatriate health insurers, with over 27 years' experience of looking after people wherever they are in the world. Simon Jackson, International Business Consultant, represents the company in the NFTC's International Human Resource committees. ([www.bupa.com](http://www.bupa.com)).

McKinsey & Company is management consulting firm serving clients in every business sector and industry, and also work with many governments, institutions and nonprofit organizations. James Farrell, Jr., Director of Benefits represents the firm in the NFTC's International Human Resources area.



# Human Resources



## Annual International Human Resources Conference, June 2002 in New York City

With the support of NFTC members Cendant Mobility; Fragomen DelRey Bernsen & Loewy; and KPMG the NFTC hosted its ninth annual international human resources conference in June in New York City. Ambassador Frank G. Wisner, Vice Chairman-External Affairs of AIG and NFTC Board Chairman Michael H. Jordan were among the featured speakers. The program focused on human resource issues relating to globalization, including expatriate mobility, ehuman resources, understanding business and personal security management, cross-border mergers and acquisitions, global leadership development, global employment companies, and cross-border data privacy. The faculty included representatives of ACIP, Bristol-Myers Squibb, Cendant Mobility, Colgate-Palmolive, Fragomen DelRey Loewy & Bernsen, General Electric, Georgetown University, IBM, KPMG, Morgan Stanley, NetJets, Proctor & Gamble, Sony Pictures, the US Department of Commerce and Young & Rubicam.

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*(continued from Page 3; Word from the President)*

in the report that are objectionable, but space does not permit either a full list or detailed comments on them. Some highlights:

Chapter Six's added disclosure requirements will politicize and thereby destabilize the capital markets, and by extension, the dollar, and encourage capital flight at a particularly critical time for our economy.

Other proposals, such as those for a legislated corporate code of conduct and a corporate investment reporting requirement are administratively burdensome and confusing and will make the American business community assume the costs of our foreign policy. As with unilateral sanctions, which the report also favors, these provisions disadvantage the American business community, cede the playing field to our European and Asian competitors who cheerfully pick up what our companies leave behind, and do not help us achieve our policy goals. Another good example is the recommendation that satellite sanctions continue, which only serves to put another nail in the coffin of our commercial communications satellite industry, the inevitable consequence of which will be that the U.S. industry will fall behind Europe's, and our military satellite capabilities will be compromised as well.

These unilateral policies almost always fail because they ignore the realities of commerce in a globalized world. Worse, their effect is to deter American companies from doing business in the target country, in this case China, thus preventing the kind of economic engagement that I believe will ultimately lead to a more democratic China

Finally, the portion of Chapter Ten that discusses technology transfers, particularly computers, reflects a Cold War mentality that ignores both the spread of these technologies over the past decade and their importance in bringing freer communication and information to the Chinese people. Similarly, the recommendation that the Administration consider controlling exports of some internet-related items reflects both ignorance of the technology and a lack of appreciation of the importance of internet access in promoting freedom in China.

In conclusion, although the final version of the report is an improvement over earlier drafts, I must nevertheless dissent because it chooses simplistically to blame China for too many of our problems and misses the opportunity to focus constructively on how this relationship can be improved.



# Calendar of Events



<u>Date</u>	<u>Topic</u>	<u>Location</u>
August 5	NFTC Meeting with Assistant Secretary of the Treasury for Enforcement Kenneth Lawson regarding the Office of Foreign Assets Control (OFAC)	Washington, DC
September 5	NFTC Trade and Investment Committee on WTO Market Access Negotiations	Washington, DC
September 10	Global Mobility Roundtable	New York City
September 18	Doha Agenda - A Series on the New WTO Trade Round: "Through a Glass Clearly (& Electronically) in the WTO. 1) Transparency, 2) E-Commerce"	TBA
September 18-20	Expatriate Management Committee	Indianapolis, IN
September 23	Tax Steering Committee Meeting/ Luncheon Tax Forum (Topic TBA)	Washington, DC
September 25-26	Annual Joint Meeting - Global Compensation/ International Benefits Committee	New York City
October 2	Doha Agenda - A Series on the New: WTO Trade Round: "Eye of the Beholder: The Antidumping Rules and the Doha Round"	TBA
October 2	International Human Resources Seminar	Philadelphia, PA
October 3	International Human Resources Seminar	Washington, DC
October 8	Asia Pacific Human Resource Roundtable	New York City
October 9	Latin America Human Resource Roundtable	New York City
October 17	International Human Resources Seminar	Chicago, IL
October 23	International Human Resources Seminar	Atlanta
TBA	NFTC Annual Word Trade Dinner and Award Ceremony	TBA
November 18-19	Tax Fall Meeting	Washington, DC

Note: The Tax Steering Committee Meetings, Expatriate Management, Global Compensation and International Benefits Committees are by invitation only. For information or to register for the Developing The Doha Round Series, contact Chuck Dittrich, (202) 887-0278, e-mail [cdittrich@nftc.org](mailto:cdittrich@nftc.org). Hyperlink: Indicates additional information, i.e. registration information, press release...



# National Foreign Trade Council



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| <input type="checkbox"/> International Human Resources    | <input type="checkbox"/> International Taxation           |
| <input type="checkbox"/> USA*Engage                       | <input type="checkbox"/> US-South Africa Business Council |

Please mail or fax to:

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