

**NATIONAL FOREIGN TRADE COUNCIL FOUNDATION**

1625 K STREET, NW, WASHINGTON, DC 20006-1604

TEL: (202) 887-0278



FAX: (202) 452-8160



May 19, 2010

The Honorable Barack Obama  
President of the United States  
The White House  
1600 Pennsylvania Ave N.W.  
Washington, DC 20500

Dear Mr. President:

We are writing to provide recommendations on innovation and trade policies collected from a recent workshop we hosted with innovation stakeholders in North Carolina. We hope this feedback will be useful as you prioritize efforts to shape national innovation and trade policies to support your ambitious goal of doubling exports in five years.

These recommendations are the result of an event our organizations hosted April 16, 2010 in Research Triangle Park, North Carolina, one of the best examples of a concerted effort to bring about economic change and improve a region and state's economic position. The event featured more than 90 inventors, entrepreneurs, senior business leaders, academics, non-governmental organizations, and federal and state officials from the region, including more than 20 CEOs. Attendees were charged with developing recommendations to support good, high-paying jobs in America, expand access to foreign markets for U.S. businesses, and help promote innovative solutions to global challenges.

During our discussion, consensus formed around several issues of concern for American businesses, workers and entrepreneurs:

- **U.S. immigration and visa policies are serious impediments for innovative industries, particularly small businesses.** Businesses must be able to employ diverse and top-quality talent from a global labor pool and quickly move their personnel around the world to engage in foreign markets, locate customers and increase sales. Delays and bottlenecks in the U.S. visa process and immigration system cause tremendous frustration for employers and employees, inhibit the ability of entrepreneurs and companies to innovate in the United States, and put American companies at a competitive disadvantage compared to businesses in Europe and Asia. Small businesses, which tend to have fewer resources and global platforms to develop workaround solutions, tend to be disproportionately affected. For example, the video games industry in North Carolina, a local success story, is beginning to look towards Canada and Europe in part due to more favorable tax and immigration policies.
- **Global markets must be fair, transparent, open and contestable.** As the United States seeks to rely less on domestic consumer spending and as rapidly developing countries increasingly drive global growth, foreign markets are becoming more important to the success of U.S. businesses and workers. A number of explicit and implicit trade barriers exist, including protectionist government procurement preferences, weak and unenforced

intellectual property laws, and technical standards that favor local companies, which make it more difficult for U.S. businesses and workers to succeed in key foreign markets.

- **Counterfeiting, piracy and a general lack of respect for intellectual property rights in the global marketplace uniquely and adversely harm American innovation.** The global system of intellectual property rules creates incentives for research and development, measures, quantifies and values innovation output and enables efficient transfer and deployment of technologies. Public disclosure also creates enormous spillover benefits for innovators around the world seeking to develop a new generation of technologies. The United States is a global leader in creative and innovative production, but this unique comparative advantage is lost if these ideas and inventions cannot be protected in the global marketplace. Representatives from North Carolina’s life sciences, clean tech and commercial agriculture sectors, in particular, stressed the need for heightened awareness about intellectual property’s role in attracting investment for new technologies.
- **Access to capital is critical, and is hardest to come by for small businesses and entrepreneurs.** The economic downturn has lowered the tolerance for companies, investors and lenders to take risks on new, innovative technologies. “Banks still aren’t lending right now to small companies,” said one of our discussants. Innovative public sector solutions are needed.
- **Attracting, cultivating and retaining young entrepreneurs, innovators and talented employees are essential to improving companies and communities.** One of the reasons companies choose to grow in innovation hubs like the Research Triangle is because they are able to attract and retain diverse talent from an early age. But in a global community, state and federal government needs to work ever harder to attract and retain the best and the brightest.

Based on these themes and the advice from the diverse group of stakeholders participating in our discussion, we identified five critical areas of focus for public policy to create an enabling environment to support North Carolina’s innovative businesses and workers in the global marketplace:

1. **Overhaul U.S. immigration and global mobility policies.**

Comprehensive immigration reform – including policies to improve the ability of U.S. businesses to access, train and retain global talent – must be an urgent priority. While strengthening border security should be an important part of any reform, the United States must construct a new immigration system that permits American businesses to hire, train and shift global talent easily and quickly. Future immigration policies must also encourage the best and the brightest foreign students to study and stay in the United States, for example by stapling a green card to the college or advanced degree diplomas of graduates in high-demand fields of study. To accomplish all of this, reforms will have to address a range of policies and practices, from visa issuance and domestic revalidation to entry at the border to the legal framework which regulates the number and type of high and low-skilled business visitors and immigrants to the United States.

2. **Create a more open, rules-based, competitive trading environment by aggressively pursuing new trade agreements and enforcing existing regulations.**

The United States must demonstrate leadership and sustained engagement on trade policy, for example by immediately moving to resolve issues surrounding pending free trade agreements with Colombia, Korea and Panama and driving ambitious outcomes to the Trans-Pacific Partnership negotiations and long-stalled Doha Round of global trade talks. Participants stressed the need to think creatively about issues that are beyond the scope of current trade talks, such as enhancing global protections for intellectual property-intensive industries, addressing 21<sup>st</sup> Century privacy concerns, improving food and consumer product safety, and supporting the development and manufacture of clean technologies, such as through the negotiation of a plurilateral Environmental Goods and Services Agreement to liberalize trade for technologies that address climate change. The United States must also continue to encourage stringent global business standards, for example by advocating strict compliance by our trading partners with anti-bribery and anti-corruption accords, finalizing a strong Anti-Counterfeiting Trade Agreement, enforcing existing trade rules when they are violated, and by setting a good example by complying with our own obligations.

**3. Promote the importance of the intellectual property rights system as a means to encourage innovation and provide a framework for advanced research collaboration and technology sharing.**

Participants believe more can be done to promote intellectual property protection in foreign markets and raise awareness about the intellectual property system, particularly in developing countries. The United States must better explain the utility of intellectual property rights in developing and transferring technology and continue to promote robust adherence to these rules through incentives and enforcement. These rules not only benefit American rights holders but they also provide a framework for creative and innovative talent around the world to work together. Our participants encouraged addressing specific areas of concerns for the life sciences sector, in particular related to protection of pharmaceutical data. In addition, it was suggested that your Administration should build on efforts already underway in the U.S. Congress in the clean energy context to provide assistance to enable developing countries to improve the legal infrastructure which supports intellectual property rights protection. These efforts should build on collaborative research frameworks already in process under forums such as the U.S.-China Strategic and Economic Dialogue and UN Framework Convention on Climate Change to refine and expand mechanisms which rely on the current system of intellectual property rights to enable companies, universities and governments to share clean technologies. As one of our discussants suggested, "IP is a perennial concern, and it's time to take the bull by the horns and see what can be done at the global level."

**4. Improve access to capital, particularly for innovative small businesses and entrepreneurs.**

One message we received is that banks need to lend more aggressively in order for smaller entrepreneurial companies to take off. Another recommendation to drive capital creation is to target tax credits aimed at incentivizing small businesses to expand their workforce. Participants suggested that federal and state governments also need to think more creatively about financing and grant-making. When it comes to grant-making, government should aim to provide flexibility in the types of technologies that qualify for funding, avoid the promotion of specific technologies, and encourage cost-sharing with the private sector. One suggestion which came out of the discussion is to place a greater emphasis on driving

global partnerships, for example to develop best practices and technologies between the North Carolina textile industry and textile manufacturers in the developing world. Another interesting idea worth examining is the “North Carolina Innovation Fund,” an effort by the State Treasurer to invest in innovative industry with a local presence. Finally, while not all of our organizations take a position on federal climate policies, we would note that another suggestion that arose during the discussion is that significant public policy signals such as a federal carbon constraint would help drive investors to support innovative solutions.

**5. Support efforts by emerging innovators, entrepreneurs and small businesses to engage the public policy process.**

Participants commended your Administration’s efforts to encourage social entrepreneurship, self-organizing regional innovation clusters, and greater civic connection to government. Our discussion suggests that is vital to emphasize the link between world markets and the success of U.S. workers, innovators, entrepreneurs and businesses of all sizes. Increasing the resources available to help ordinary Americans compete globally, for example by expanding the Foreign Commercial Service and state and federal government outreach efforts to small business, is viewed as increasingly essential to their success. More broadly, sustained public support for education, business investment, diverse cultural activities, and vibrant downtowns help attract creative individuals from around the country and the world, which, in turn, helps attract and retain businesses and further strengthens local communities. One additional suggestion we received during the conference is to create an “Innovation Corps” within state or federal government to attract bright, young entrepreneurs to work with government to establish sound innovation policy, network and learn best practices for developing new innovation-focused businesses. Such an effort could help build better ties between young innovators and the public policy process.

Thank you for your consideration of these recommendations. We look forward to continuing to work with your Administration to identify from a diversity of stakeholders forward-looking policies to advance U.S. global innovation leadership.

Sincerely,



William A. Reinsch  
President  
National Foreign Trade Council Foundation



Rick Weddle  
President & CEO  
Research Triangle Foundation

**NATIONAL FOREIGN TRADE COUNCIL FOUNDATION**

1625 K STREET, NW, WASHINGTON, DC 20006-1604

TEL: (202) 887-0278



FAX: (202) 452-8160



May 19, 2010

The Honorable Beverly Eaves Perdue  
Governor  
State of North Carolina  
20301 Mail Service Center  
Raleigh, NC 27699-0301

Dear Governor Perdue:

We are writing to provide feedback on innovation and trade policies collected from a recent workshop we hosted with innovation stakeholders in North Carolina. We hope this feedback will be useful as you prioritize efforts to shape North Carolina's innovation and economic policies.

These recommendations are the result of an event our organizations hosted April 16, 2010 in Research Triangle Park, North Carolina, one of the best examples of a concerted effort to bring about economic change and improve a region and state's economic position. The event featured more than 90 inventors, entrepreneurs, senior business leaders, academics, non-governmental organizations, and federal and state officials from the region, including more than 20 CEOs. Attendees were charged with developing recommendations to support good, high-paying jobs in America, expand access to foreign markets for U.S. businesses, and help promote innovative solutions to global challenges.

During our discussion, consensus formed around several issues of concern for American businesses, workers and entrepreneurs:

- **U.S. immigration and visa policies are serious impediments for innovative industries, particularly small businesses.** Businesses must be able to employ diverse and top-quality talent from a global labor pool and quickly move their personnel around the world to engage in foreign markets, locate customers and increase sales. Delays and bottlenecks in the U.S. visa process and immigration system cause tremendous frustration for employers and employees, inhibit the ability of entrepreneurs and companies to innovate in the United States, and put American companies at a competitive disadvantage compared to businesses in Europe and Asia. Small businesses, which tend to have fewer resources and global platforms to develop workaround solutions, tend to be disproportionately affected. For example, the video games industry in North Carolina, a local success story, is beginning to look towards Canada and Europe in part due to more favorable tax and immigration policies.
- **Global markets must be fair, transparent, open and contestable.** As the United States seeks to rely less on domestic consumer spending and as rapidly developing countries increasingly drive global growth, foreign markets are becoming more important to the success of U.S. businesses and workers. A number of explicit and implicit trade barriers exist, including protectionist government procurement preferences, weak and unenforced intellectual property laws, and technical standards that favor local companies, which make it more difficult for U.S. businesses and workers to succeed in key foreign markets.

- **Counterfeiting, piracy and a general lack of respect for intellectual property rights in the global marketplace uniquely and adversely harm American innovation.** The global system of intellectual property rules creates incentives for research and development, measures, quantifies and values innovation output and enables efficient transfer and deployment of technologies. Public disclosure also creates enormous spillover benefits for innovators around the world seeking to develop a new generation of technologies. The United States is a global leader in creative and innovative production, but this unique comparative advantage is lost if these ideas and inventions cannot be protected in the global marketplace. Representatives from North Carolina’s life sciences, clean tech and commercial agriculture sectors, in particular, stressed the need for heightened awareness about intellectual property’s role in attracting investment for new technologies.
- **Access to capital is critical, and is hardest to come by for small businesses and entrepreneurs.** The economic downturn has lowered the tolerance for companies, investors and lenders to take risks on new, innovative technologies. “Banks still aren’t lending right now to small companies,” said one of our discussants. Innovative public sector solutions are needed.
- **Attracting, cultivating and retaining young entrepreneurs, innovators and talented employees are essential to improving companies and communities.** One of the reasons companies choose to grow in innovation hubs like the Research Triangle is because they are able to attract and retain diverse talent from an early age. But in a global community, state and federal government needs to work ever harder to attract and retain the best and the brightest.

Based on these themes and the advice from the diverse group of stakeholders participating in our discussion, we identified five critical areas of focus for public policy to create an enabling environment to support North Carolina’s innovative businesses and workers in the global marketplace:

1. **Overhaul U.S. immigration and global mobility policies.**

Comprehensive immigration reform – including policies to improve the ability of U.S. businesses to access, train and retain global talent – must be an urgent priority. While strengthening border security should be an important part of any reform, the United States must construct a new immigration system that permits American businesses to hire, train and shift global talent easily and quickly. Future immigration policies must also encourage the best and the brightest foreign students to study and stay in the United States, for example by stapling a green card to the college or advanced degree diplomas of graduates in high-demand fields of study. To accomplish all of this, reforms will have to address a range of policies and practices, from visa issuance and domestic revalidation to entry at the border to the legal framework which regulates the number and type of high and low-skilled business visitors and immigrants to the United States.

2. **Create a more open, rules-based, competitive trading environment by aggressively pursuing new trade agreements and enforcing existing regulations.**

The United States must demonstrate leadership and sustained engagement on trade policy, for example by immediately moving to resolve issues surrounding pending free trade

agreements with Colombia, Korea and Panama and driving ambitious outcomes to the Trans-Pacific Partnership negotiations and long-stalled Doha Round of global trade talks. Participants stressed the need to think creatively about issues that are beyond the scope of current trade talks, such as enhancing global protections for intellectual property-intensive industries, addressing 21<sup>st</sup> Century privacy concerns, improving food and consumer product safety, and supporting the development and manufacture of clean technologies, such as through the negotiation of a plurilateral Environmental Goods and Services Agreement to liberalize trade for technologies that address climate change. The United States must also continue to encourage stringent global business standards, for example by advocating strict compliance by our trading partners with anti-bribery and anti-corruption accords, finalizing a strong Anti-Counterfeiting Trade Agreement, enforcing existing trade rules when they are violated, and by setting a good example by complying with our own obligations.

**3. Promote the importance of the intellectual property rights system as a means to encourage innovation and provide a framework for advanced research collaboration and technology sharing.**

Participants believe more can be done to promote intellectual property protection in foreign markets and raise awareness about the intellectual property system, particularly in developing countries. The United States must better explain the utility of intellectual property rights in developing and transferring technology and continue to promote robust adherence to these rules through incentives and enforcement. These rules not only benefit American rights holders but they also provide a framework for creative and innovative talent around the world to work together. Our participants encouraged addressing specific areas of concerns for the life sciences sector, in particular related to protection of pharmaceutical data. It was also suggested that the federal government should build on efforts already underway in the U.S. Congress in the clean energy context to provide assistance to enable developing countries to improve the legal infrastructure which supports intellectual property rights protection. Such efforts could build on collaborative research frameworks already in process under forums such as the U.S.-China Strategic and Economic Dialogue and UN Framework Convention on Climate Change to refine and expand mechanisms which rely on the current system of intellectual property rights to enable companies, universities and governments to share clean technologies. As one of our discussants suggested, "IP is a perennial concern, and it's time to take the bull by the horns and see what can be done at the global level."

**4. Improve access to capital, particularly for innovative small businesses and entrepreneurs.**

One message we received is that banks need to lend more aggressively in order for smaller entrepreneurial companies to take off. Another recommendation to drive capital creation is to target tax credits aimed at incentivizing small businesses to expand their workforce. Participants suggested that federal and state governments also need to think more creatively about financing and grant-making. When it comes to grant-making, government should aim to provide flexibility in the types of technologies that qualify for funding, avoid the promotion of specific technologies, and encourage cost-sharing with the private sector. One suggestion which came out of the discussion is to place a greater emphasis on driving global partnerships, for example to develop best practices and technologies between the North Carolina textile industry and textile manufacturers in the developing world. Another

interesting idea worth examining is the “North Carolina Innovation Fund,” an effort by the State Treasurer to invest in innovative industry with a local presence. Finally, while not all of our organizations take a position on federal climate policies, we would note that another suggestion that arose during the discussion is that significant public policy signals such as a federal carbon constraint would help drive investors to support innovative solutions.

**5. Support efforts by emerging innovators, entrepreneurs and small businesses to engage the public policy process.**

Our discussion suggests that is vital to emphasize the link between world markets and the success of U.S. workers, innovators, entrepreneurs and businesses of all sizes. Increasing the resources available to help ordinary Americans compete globally, for example by expanding the Foreign Commercial Service and state and federal government outreach efforts to small business, is viewed as increasingly essential to their success. More broadly, sustained public support for education, business investment, diverse cultural activities, and vibrant downtowns help attract creative individuals from around the country and the world, which, in turn, helps attract and retain businesses and further strengthens local communities. One additional suggestion we received during the conference is to create an “Innovation Corps” within state or federal government to attract bright, young entrepreneurs to work with government to establish sound innovation policy, network and learn best practices for developing new innovation-focused businesses. Such an effort could help build better ties between young innovators and the public policy process.

Thank you for your consideration of these recommendations. We hope to have additional opportunities to work with you and your office to identify forward-looking policies to advance innovation in North Carolina.

Sincerely,



William A. Reinsch  
President  
National Foreign Trade Council Foundation



Rick Weddle  
President & CEO  
Research Triangle Foundation