

INTERNATIONAL BUSINESS

A Trade Policy Renaissance

page 2



Inside

Tax and global companies **3**

Global advertising standards **7**

Greening the food chain **11**



Peter M. Robinson, President and CEO, USCIB

A Trade Policy Renaissance

After something of a lull during **President Obama's** first term, liberalization of international trade and investment is back at the top of the global economic agenda. In the past few months we have seen:

- the launch of talks on a Transatlantic Trade and Investment Partnership between the United States and the European Union
- action in the World Trade Organization to harvest some of the low-hanging fruit from the stalled Doha Round
- continued progress on the Trans-Pacific Partnership talks
- and most importantly, strong bipartisan support for renewed U.S. Trade Promotion Authority.

There are many reasons for this “trade renaissance.” One is continued slow growth in the United States and many of our trading partners. Another is strong business advocacy, both in the U.S. and overseas, in support of opening up trade as a “cost-free” stimulus. Hats off to USCIB’s chairman, **Terry McGraw**, who recently took on the chairmanship of the International Chamber of Commerce, for pushing an ambitious trade policy at home and abroad, including championing the ICC World Trade Agenda (see page 4), which seeks to mobilize support for a variety of liberalizing measures in and around the WTO.

But a critical factor in this newfound activity on trade is the realization among policy makers that, in a world of increasingly sophisticated global value chains, countries that don’t act to remove barriers to imports (and, in some countries, exports) as well as investment, or who fail to streamline their regulatory and administrative procedures to make it easier for foreign companies to set up shop, are shooting themselves in the foot.

The OECD has been an important catalyst in this realization, serving as a central “brain trust” for research on what is being called “trade in value added,” or TiVA. At the OECD Forum in May, I participated in a panel discussion on TiVA that reviewed the findings of a new OECD paper on global value chains. Data from the OECD gives us a lot to think about. For example:

- When services imbedded in manufactured goods are counted in our trade data, the overall services component of U.S. trade rises from about 20 percent to 40 percent.
- The import share of U.S. export value has tripled in the last 30 years from 7 percent to 22 percent, while the global import content of exports is approaching a staggering 40 percent.

It is clear that the traditional “arm’s length” model of trade is increasingly a thing of the past. As **Pascal Lamy**, the outgoing director general of the WTO, has observed, when intermediate goods cross borders multiple times before becoming final products, protectionism “is even more stupid than

International trade is back at the top of the global agenda, spurred by a realization that barriers to cross-border commerce are increasingly a tax on one’s own competitiveness.

we thought it was,” because import barriers essentially become an ever-increasing tax on one’s own exports.

Augmenting the OECD’s excellent work, we at USCIB recently joined with the Business Roundtable to publish new research from **Matthew Slaughter** of Dartmouth, examining how American companies participate in global supply networks, and documenting the significant economic and employment gains this participation brings to the United States (download the report at www.globalsupplynetworks.org). This research, along with the OECD’s work on TiVA, can serve to better illuminate a path forward for policy makers.

A recent forum at the Peterson Institute for International Economics in Washington, D.C. examined the potential payoff from the ICC World Trade Agenda, which puts forward seven concrete, multilateral goals that could be achieved by 2015. These include concluding a WTO trade facilitation agreement, negotiating a new plurilateral agreement to free up trade in services and expanding trade in information technology.

Peterson experts **Gary Huffbauer** and **Jeffrey Schott** concluded that by simplifying customs procedures – through trade facilitation measures – alone, WTO member countries would deliver global job gains of 21 million, with developing countries gaining more than 18 million jobs and developed countries increasing their workforce by three million – and global GDP would be increased by almost \$1 trillion. A services agreement would generate some eight million new jobs worldwide, including 1.4 million in the U.S.

Speaking at the Peterson event, **Robert Zoellick**, the former World Bank president and who earlier served as U.S. trade representative, applauded the ICC initiative as “a great pathway” to expanded trade in a world where global output is now evenly split between developed and developing countries, and where significant South-South trade barriers still remain.

It’s critical that countries take the right approach, and craft the right policies, to accommodate emerging global value chains and generate new jobs connected to burgeoning global markets. In particular, it’s important to address new and emerging issues like forced localization requirements, restrictions on the cross-border flow of data, unfair competition from state-owned enterprises, and customs impediments or barriers at the border.

These new trade initiatives provide ample opportunity to do this, but only so long as business leaders and policy makers can continue to demonstrate the leadership and wisdom to choose the right course, and tear down the barriers to growth and jobs.

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Tax Conference Weighs New Scrutiny of Global Companies

In June, against a backdrop of slow economic growth and increased attention to international corporate tax practices, executives from a range of global companies met in Washington, D.C. with tax experts from the OECD and member governments at the 2013 OECD International Tax Conference. Now in its eighth year, the sold-out event was organized by USCIB in cooperation with the 34-nation OECD, which is the leading global forum for discussion of international tax policies.

The conference focused on the challenge of adapting longstanding international tax principles to the modern economy. At their summit in Mexico last year, G20 leaders explicitly referred to “the need to prevent base erosion and profit shifting,” or BEPS. G20 finance ministers subsequently asked the OECD to report on this issue by their meeting last February. The OECD report and follow-up action were high on the agenda at this year’s conference.

Pascal Saint-Amans, director of the OECD Center for Tax Policy and Administration, led a discussion on BEPS. Participants included **Robert Stack**, deputy assistant secretary for international tax affairs at the U.S. Treasury; **Mike William**, director of business and international taxation with Her Majesty’s Treasury in the U.K.; **Brian Ernewein**, general director of tax policy with Finance Canada; and **Will Morris**, chair of the BIAC committee on Taxation and Fiscal Affairs.

The panelists acknowledged that there are problems with the present system, but they cautioned that current rules have worked well for decades, and adverse impacts must be carefully considered. Stack said that “respecting legal entities and contracts is critical to the functioning of the transfer pricing rules, which have worked reasonably well in a very large majority of situations.”

Several panels addressed issues relating to transfer pricing, including a panel led by **Joe Andrus**, head of the OECD’s transfer pricing unit. Business is very concerned about proposed changes to the OECD’s transfer pricing guidelines on intangibles. The issue of entitlement to intangible-related returns is particularly difficult, especially the notion of financial investment.

Andrus said the OECD believes that financial investment in intangibles is important, and continues to wrestle with this issue. He also indicated that financial investment will be dealt with differently in the next version of the discussion draft.



IRS Deputy Commissioner Michael Danilack delivered keynote remarks at the conference.

The conference was co-organized by USCIB, the OECD and the Business and Industry Advisory Committee (BIAC) to the OECD, which officially represents the view of industry in the Paris-based body, and for which USCIB serves as the U.S. member federation. Supporting organizations include the International Fiscal Association, Tax Foundation, National Foreign Trade Council, Organization for International Investment, Tax Council Policy Institute, International Tax Policy Forum and Tax Executives Institute.

“Governments need clear, consistent rules to collect an appropriate amount of tax from multinational enterprises doing business in their jurisdictions,” said **Carol Doran Klein**, USCIB’s vice president for tax policy. “Businesses need clear and consistent rules to foster trade and investment across borders. Developing these rules requires dialogue among countries and business. The conference was an important part of that dialogue.” ■

An advertisement for "The Power to Expedite Trade" featuring a globe background. The text "The Power to Expedite Trade" is prominently displayed in white on a dark blue background. To the right, there are three sections of trade services: 1. "TRADE SERVICES" with the ATA Carnet logo and text: "The ATA Carnet Duty and Tax Free Temporary Exports www.MerchandisePassport.org". 2. "Certify" with the Certify logo and text: "electronic Certificates of Origin (eCOs) Delivered Electronically: Fast and Compliant www.CertsOfOriginUSA.org". 3. "INTERNATIONAL BOOKSTORE" with the bookstore logo and text: "USCIB International Bookstore Learn. International Business www.InternationalTradeBooks.org". At the bottom, it says "United States Council for International Business" and the USCIB logo.

Global Business Puts Forward Trade Agenda to Create 21 Million Jobs

In April, the International Chamber of Commerce (ICC) finalized recommendations for WTO member countries to salvage parts of the Doha Round which, if adopted, could boost global GDP by \$960 billion (U.S.) annually and create 21 million new jobs.

Several hundred business leaders and trade experts met in Doha, Qatar for the ICC World Trade Agenda Summit, held on the first day of ICC's biennial World Chambers Congress. The four-day Congress gathered 1,000 delegates from chambers of commerce, global companies and SMEs around the world. USCIB Chairman **Terry McGraw III** and USCIB President and CEO **Peter M. Robinson** were among summit participants.

“The potential gains in terms of exports, jobs and GDP growth from multilateral trade liberalization are substantial”

– Victor K. Fung

Delegates at the summit gave their stamp of approval to a final set of business priorities that would provide a debt-free stimulus to the global economy at a time when governments are struggling to inject growth into their economies.

ICC and the Qatar Chamber of Commerce and Industry in March 2012 launched the ICC Business World Trade Agenda in response to calls from WTO members and from G20 leaders for fresh approaches following a 12-year impasse in multilateral trade negotiations.

“ICC has consulted with business around the world to develop a set of practical steps for reaching a new trade consensus,” said ICC Chairman **Gerard Worms**. “As the actors of trade in the daily marketplace, we are well placed to shed new light on stalled talks. We will mobilize CEOs around the world to make the case to national governments for this new trade agenda.”

The initiative has developed seven recommendations that could achieve tangible outcomes by the end of 2013, to harvest gains from the WTO's Doha Development Round. These include:

- conclude a trade facilitation agreement
- implement duty-free and quota-free market access for exports from least-developed countries
- phase out agricultural export subsidies
- renounce food export restrictions
- expand trade in IT products and encourage growth of e-commerce worldwide

The Peterson Institute for International Economics in Washington, D.C. has quantified the potential benefits from ICC's recommendations in a report entitled *Payoff from the World Trade Agenda 2013*. It found

that by simplifying customs procedures – through trade facilitation measures – alone, member countries would deliver global job gains of 21 million, with developing countries gaining more than 18 million jobs and developed countries increasing their workforce by three million.



Remy Rowhani, director general of the Qatar Chamber of Commerce and Industry, speaks at the ICC World Trade Agenda Summit.

“The potential gains in terms of exports, jobs and GDP growth from multilateral trade liberalization are substantial,” said **Victor K. Fung**, ICC's honorary chairman. “For these reasons, international business strongly encourages political leaders to steer clear of protectionism and nationalism – and return to building inclusive open trade to stimulate global recovery and growth for many years to come.”

Business recommendations from this event will be delivered to G20 leaders and WTO ministers ahead of the next G20 Summit in Saint Petersburg and the WTO Ministerial Conference in Bali later this year. ■

ICC Welcomes New WTO Director General

ICC warmly congratulated Ambassador **Roberto Carvalho de Azevedo** of Brazil on his selection as the new director general of the World Trade Organization. “The global business community congratulates Roberto Azevedo on his appointment,” said ICC Chairman-elect **Terry McGraw**, the CEO of McGraw Hill Financial who also serves as chairman of USCIB. “We welcome

Mr. Azevedo's extensive experience in international economic affairs, and we pledge to work with him and his colleagues at the WTO to achieve even greater advancements in global trade to the benefit of all nations and their citizens. We also want to express our special thanks to **Pascal Lamy** for his tireless service as director general.”

World Bank Upholds “Doing Business” Report

In May, governments and interest groups that are highly critical of the World Bank’s annual “Doing Business” report and ranking launched a broad attack on the program under the guise of a review. In response, USCIB joined with the International Chamber of Commerce (ICC) and the International Organization of Employers (IOE) to urge the Bank to maintain the integrity and rigor of the report.

These efforts appear to have paid off. In June, World Bank President **Jim Yong Kim** issued a statement in response to an independent review panel’s assessment of the Doing Business report, essentially upholding the report’s methodology and ranking while committing the Bank to work toward its improvement going forward.

Kim’s statement read in part:

“The World Bank Group’s work on business climate development, including the Doing Business report, is core to our mission of

ending poverty, and in fact we expect it to grow. Our client countries are demanding it, because there is broad consensus about the need for jobs to eliminate poverty and boost growth. We are committed to this work.

“It is indisputable that Doing Business has been an important catalyst in driving reforms around the world. The Panel has made valuable suggestions for how to enhance the report, which merit consideration. Going forward, I will be pushing World Bank Group staff to focus their efforts on improving all aspects of Doing Business, including its data, methodology, and rankings. I am committed to the Doing Business report, and rankings have been part of its success.”

USCIB will continue to monitor the evolution of the Doing Business report, which we regard as a uniquely valuable catalyst for market-oriented reform, private investment, economic growth and job creation around the world. ■

G20 Is Responding to Business Concerns, but Could Do Better

The G20 is responding to business concerns, but needs to further improve its performance in order to maintain momentum in the global economic recovery, according to a May report from the International Chamber of Commerce (ICC).

The second annual ICC G20 Business Scorecard, issued halfway through Russia’s presidency of the G20, assesses four policy areas that ICC’s G20 Advisory Group considers priorities for G20 attention: trade and investment, financing for growth and development, energy and environment, and anti-corruption.

The ICC G20 Business Scorecard – which examines developments on business recommendations through to the end of the 2012 Mexican G20 presidency – measures progress on business priorities on a scale of: “inadequate,” “poor,” “fair” or “good.” It indicates that progress has been steady but limited, partially due to an unavoidable but distracting focus on responding to the on-going eurozone crisis.

Overall, the scorecard rates G20 responsiveness to business priorities as

“fair,” indicating that G20 leaders are making progress but at a somewhat protracted pace. This is an improvement on the score from the 2012 scorecard, which rated overall progress as “poor.”

“It is encouraging to see the G20 making progress towards addressing business priorities, and this is reflected in an improved grade over last year,” said ICC Secretary General **Jean-Guy Carrier**. “However, this year’s mixed results indicate the G20 needs to do more to fulfill its self-defined role for leading the global economic recovery. Jobs and economic growth are in the balance.”

Despite the “fair” overall score, the scorecard marks good performances in some policy areas. Notable areas of progress include a strengthened dialogue between business and the G20 on anti-corruption and steps taken under the Mexican G20 presidency to improve financial inclusion.

USCIB Chairman Terry McGraw (chairman, president and CEO, McGraw Hill Financial) is among the members of the ICC G20 Advisory Group. McGraw will take the reins as chairman of ICC in July. ■

Business Playing a Big Role in Lead-up to Key Internet Forums

The International Chamber of Commerce, the global business body which USCIB represents in the United States, has welcomed renewed strong representation of business in a multi-stakeholder advisory group responsible for steering preparations for the 8th Internet Governance Forum (IGF) – an open forum for policy dialogue on issues of Internet governance that will take place this October in Bali, Indonesia.

Nine members of ICC's Business Action to Support the Information Society (BASIS) initiative have secured a place on a special advisory group to the UN secretary general representing Internet interest groups from governments, business, civil society and the Internet technical community. These included, from USCIB's membership, **Jeff Brueggeman**, vice president for public policy and deputy chief privacy officer with AT&T, **Theresa Swinehart**, executive director for global Internet policy at Verizon, and **Patrick Ryan**, policy counsel for open Internet with Google. The United Nations confirmed 56 advisory group members overall.

USCIB members also played important roles in shaping discussions at the World Telecommunications/ICT Policy Forum (WTPF) and WSIS Action Lines Forum, held May 13-17 in Geneva. The WTPF addressed issues

as wide-ranging as the build-out of broadband capabilities and how that drives development, the transition from IPv4 to IPv6 and related capacity-building needs, and the importance of the multi-stakeholder model in Internet governance, to name a few.

The WSIS Action Lines Forum considered progress that has been made since 2002 in implementing goals set forth by the World Summit on the Information Society (WSIS) aimed at bridging the digital divide, as well as progress in spreading the benefits that emerging economies can realize from the digital economy. Some of the themes addressed at the WTPF and the WSIS Action Lines Forum will likely be re-visited at the Internet Governance Forum in Bali, Indonesia this October.

Ambassador **David Gross**, partner at Wiley Rein and chair of USCIB's Information, Communications and Technology Committee, led the informal USCIB delegation at both the WTPF and WSIS meetings. **Barbara Wanner**, USCIB's vice president for ICT policy, and member representatives from Amazon, AT&T, BT America, Cisco, Disney, Google, Intel, Juniper Networks, Microsoft, Telecommunications Management Group, Versign, and Verizon also participated. ■

Inaugural Meeting of OECD Security Experts Group

USCIB members made important contributions at an April inaugural meeting in Paris of a special OECD experts group convened to consider possible revisions to the OECD's 2002 Guidelines for the Security of Information Systems and Networks. They said the principles set forth in the 2002 guidelines remain relevant, but should be updated and supplemented to reflect the complexity of today's world, the broader range of actors involved, and increased need for coordination and cooperation.

The group, led by **Joe Alhadeff**, vice president and chief privacy officer with Oracle (who serves as vice chair of USCIB's ICT Policy Committee as well as chair of BIAC's Technology Committee), included representatives from AT&T, the Center for Information Policy Leadership, Cisco, DLA Piper, Intel, Juniper Networks, and Verizon, supported by **Barbara Wanner**, USCIB's vice president for ICT policy.

In particular, USCIB members urged that a number of concepts be incorporated into any update of the OECD Guidelines. These include the following:

- Information security policies should be developed on a global, voluntary, consensus basis.
- Government policies should be "technology neutral," focusing on the desired process or security-related outcome, and avoid dictating or mandating any specific technology solution or product.
- In order to enable continued innovation, policy makers should not unnecessarily restrict the cross-border flow of technologies.
- In light of industry's fundamental role in the digital economy, public-private partnerships should be a key feature of national policy as well as ongoing information security discussions at the international level.

- Fostering a trusted, global, and interconnected digital economy requires participation by all countries in a global dialogue aimed at harmonizing policy approaches to security.

The meeting also addressed the importance of establishing a risk-based approach to security as a centerpiece of the OECD guidelines. In addition, while the language should be "high-level" in scope, participants agreed that the guidelines should also include sufficient information enabling policy makers to inform those at the operational level on how to implement the concepts.

The OECD experts group will continue its work for the better part of 2013, using online capabilities to facilitate dialogue as well as meeting on the sidelines of other OECD or international gatherings. The group will present its final report of recommendations at this December's meeting of the OECD's Working Party on Information Security and Privacy. ■

Commission Advances Global Advertising Standards

In June, marketing experts from around the world gathered in New York as the International Chamber of Commerce (ICC)'s Commission on Marketing and Advertising held two days of meetings, at the headquarters of News Corporation to address emerging challenges in mobile marketing, alcoholic beverages and a number of other areas.

ICC, the world business organization for which USCIB serves as the American national committee, has served for many years as the standard-bearer in developing respected industry advertising standards worldwide. The commission is chaired by **Brent Sanders** (Microsoft), who also chairs USCIB's Marketing and Advertising Committee.

Digital communications were top of mind for many commission members. A working group chaired by **David Fares** (News Corp.) weighed the possible development of new rules on marketing to mobile devices, and reviewed current regulatory initiatives as well as technical solutions designed to promote consumer choice, and protect privacy, in an increasingly mobile environment.

"We had a good discussion of the various programs and tools being developed to ensure company compliance with the EU's e-privacy directive and self-regulatory programs to address online behavioral advertising," said **Sheila Millar** (Keller & Heckman), a vice chair of the commission. "Industry is being pro-active in the face of fast-moving technological changes, demonstrating that it takes both choice and privacy seriously."

Alcohol framework

The commission agreed to develop a new global framework for responsible marketing of alcoholic beverages, responding to global commitments for robust rules that can serve as a baseline for the establishment of local codes in markets where these do not already exist. An experts' group discussed a draft guide, which identifies existing principles from the Consolidated ICC

Code of Marketing and Advertising and offers interpretation and further guidance to help marketers and self-regulatory authorities. The final product may be ready as early as this fall.

"This voluntary effort, initiated from within the alcohol beverage industry, reflects the goal of the industry to act responsibly around the world," observed **Carla Michelotti** (Leo Burnett Worldwide), the vice chair of USCIB's Marketing and Advertising Committee and a member of the Advertising Self-Regulatory Council in the United States. "These voluntary principles, if adopted by ICC, would certainly have a significant impact on advertising for alcohol beverages in many countries where no self-regulation is in existence."

Looking to the Asia-Pacific

USCIB and ICC are also working with other stakeholders to encourage further progress on advertising standards within the Asia-Pacific region. Alongside relevant sectoral associations in several APEC countries, we are supporting initiatives by

the Australian government and advertising standards body. At a dialogue last November in Vietnam, APEC governments, industry and experts from economies using globally aligned advertising standards recommended further work towards a common APEC approach, including educational and capacity-building programs.

Also at the meeting, **John Manfredi**, the former longtime chair of the ICC Commission and USCIB's Marketing and Advertising Committee, was presented with the ICC Merchant of Peace Award by USCIB Chairman and ICC Chairman-elect **Terry McGraw**, the CEO of McGraw Hill Financial. Manfredi, managing partner with Manloy Associates, and previously an executive with Procter and Gamble, Gillette and Nabisco, led efforts to develop and revise ICC codes and guidance resources on topics such as environmental advertising, marketing and advertising on the Internet, and food and beverage marketing. ■



ICC's Marketing and Advertising Commission met near an epicenter of advertising, New York's Times Square.



New Zealander Tapped to Chair BIAC

In May, the BIAC General Assembly elected **Phil O'Reilly** as BIAC's new chair, succeeding **Charlie Heeter** of Deloitte. O'Reilly is chief executive of BusinessNZ, New Zealand's largest business advocacy group, and has served as a BIAC vice chair since 2010. He is also New Zealand's employer delegate to the IOE and the International Labor Organization. "It's an honor and a challenge to serve BIAC, whose advocacy was vital for growth and employment internationally," Mr. O'Reilly said. "The global business community appreciates the growing role the OECD is playing, and BIAC will continue to support the OECD in fulfilling its mission: to achieve the highest sustainable economic growth and employment and a rising standard of living, and to contribute to sound economic expansion and to the expansion of world trade on a multilateral, non-discriminatory basis."



Phil O'Reilly

At the BIAC General Assembly, OECD Secretary General **Angel Gurría** acknowledged Heeter's extraordinary contributions. "We look forward to strengthening our cooperation, and to working closely with the new leadership at BIAC to address the major challenges we are facing today and in the future," he said. Heeter, who is retiring from Deloitte after a long and fruitful career in business diplomacy, was feted by colleagues at a May dinner in Washington attended by USCIB Senior Counsel Ronnie Goldberg. ■



**Business and Industry Advisory
Committee to the OECD**

www.biac.org



**International Chamber
of Commerce**

www.iccwbo.org

G20/OECD Anti-Corruption Conference

A strong business contingent turned out for the third annual High-Level Anti-Corruption Conference for G20 Governments and Business, which took place in April at the OECD in Paris. Jointly organized by the Russian Presidency of the G20 and the OECD, with support from the UN Office on Drugs and Crime, the conference brought together some 300 participants from government, business and civil society to discuss the priorities laid out in the 2013-2014 G20 Anti-Corruption Action Plan and B20 recommendations to governments. Outgoing BIAC Chairman and USCIB board member **Charlie Heeter** (Deloitte) participated, as did **Erik Belfrage**, chair of the ICC Commission on Corporate Responsibility and Anti-Corruption.

Report Calls for Action to Stop Counterfeiting in Free Trade Zones

A new report from ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP) initiative calls for increased regulation and better management of free trade zones (FTZs) to stop the alarming trend of the use of FTZs to facilitate the manufacture, distribution, and sale of counterfeit products. The report looks at the increasing vulnerability of FTZs to criminal activities that are facilitating the global trade of counterfeit and pirated products. It summarizes the circumstances that have enabled the exploitation of FTZs, including an examination of weaknesses in international agreements, national legislation and judicial enforcement.

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Bangladesh Tragedy Must Not Be Repeated

Following the horrific collapse in April of the Rana Plaza building in Bangladesh, where more than 1,000 people died, the IOE expressed solidarity with the victims and their families. "Efforts must now be intensified to ensure that these kinds of tragedies are not repeated," the IOE said. The problems culminating in the collapse affect more than one sector of Bangladesh's economy, not just the garment sector, the IOE noted. "Fire safety, and issues of health and safety generally, are applicable across sectors and across business size, whether it produces for export or for domestic consumption." The IOE voiced support for the ILO's action plan created as the result of a high-level mission to Bangladesh, following broad tripartite consultation with the Bangladesh Employers' Federation, workers representatives and the Bangladesh government.

International Labor Conference

Addressing employers at the ILO's annual conference, ILO Director General **Guy Ryder** called for continued commitment to shared values, underlining the need for the ILO to be relevant to the evolving world of work. Ryder said that, as the ILO prepares for its centennial in a few years, the common objectives shared by employers, workers and governments for the ILO is that it: 1) serve as a center of technical excellence, providing evidence-based services to the world of work; 2) be relevant and helpful to the constituents in solving their problems; and 3) be influential at the national and international levels, not only in the G20 but also in other forums.



Business Hails Supreme Court Ruling on Alien Tort Statute

USCIB hailed an April ruling by the U.S. Supreme Court largely insulating companies from lawsuits under the Alien Tort Statute (ATS), an 18th-century law used in recent years by activists to lodge numerous suits alleging corporate complicity in human rights abuses overseas. Writing for the majority, Chief Justice **John Roberts** wrote that in the case, *Kiobel v. Shell Petroleum*, "all of the relevant conduct took place outside the United States." For over a decade, USCIB and other business groups have warned against abuse of the ATS as a vehicle to lodge spurious lawsuits against companies. "Business and legal experts have argued for years that the ATS should not be interpreted as providing grounds for suits against companies, especially where the alleged actions have no connection to the United States," said former USCIB President (and current Vice Chairman) **Thomas Niles**, who first drew attention to abuse of the ATS over a decade ago.

Froman Welcomed as U.S. Trade Representative

USCIB welcomed President Obama's nomination in May of **Michael Froman** as U.S. Trade Representative, calling it a positive sign for renewed U.S. leadership on trade at a critical time for our economy. "This is an excellent choice," said USCIB President and CEO **Peter M. Robinson**. "Michael Froman has been a positive force for trade within the Obama administration, and is well respected in the business community. His nomination could not come at a better time, as the U.S. begins trade and investment talks with the European Union and pursues the Trans-Pacific Partnership." Froman was confirmed by the Senate and sworn in in June.

New Push for Trade Promotion Authority

In May, USCIB and leading business associations launched the Trade Benefits America Coalition, an effort to advocate for the passage of Trade Promotion Authority, which enables the executive branch to negotiate trade agreements which are then subject to a simple up-or-down vote in Congress. In addition to launching a new website – www.tradebenefitsamerica.org – as an educational resource and advocacy tool, the coalition will work with Congress and the Obama administration, and engage state and local officials across the country, to educate on the benefits of trade and build support for TPA.

Indian Trade Barriers Assailed

The government of India is discriminating against a wide range of U.S. goods and services, putting a bilateral relationship of some \$60 billion in annual trade at risk, USCIB and a range of U.S. business groups wrote to **President Obama**. The letter stated that "over the past year, courts and policy makers in India have engaged in a persistent pattern of discrimination designed to benefit the Indian business community at the expense of American jobs." The associations urged the administration to immediately engage with Indian authorities at the highest levels, and undertake coordinated diplomatic pressure with other like-minded trading partners. ■

Business Keeping the Pressure on Negotiators at UN Climate Talks

UN member states met in Bonn, Germany in May to discuss the path forward on climate change, confronting a number of contentious issues in the context of new, game-changing developments in global energy markets, economic challenges in Europe and the emerging influence of the BRIC countries.

The UN aims to develop a more inclusive and ambitious post-2020 climate change agreement by 2015. Many developing country governments are reluctant to adopt greenhouse gas emissions commitments, without the delivery of financial and technical support from developed countries. Consequently, governments in Bonn are keen to mobilize private-sector financial resources toward the \$100 billion per year commitment made by the U.S. and other OECD countries to assist developing countries with climate challenges.

Disagreements about UN decision-making rules will further complicate the negotiations, adding to the tough choices ahead for the next high-level climate meeting in Warsaw in November, which UN Secretary General **Ban Ki-moon** will attend. The current agreement has been plagued by volatility in carbon markets, inflexibility on technological options and only partial coverage of emitting countries.

“Companies are already addressing climate change risks in many institutional, regulatory and market settings, both domestically and internationally.” – **Norine Kennedy, USCIB**

USCIB members – including Arkema, Dupont, GE and Qualcomm – were on hand over the two-week session in Bonn, consulting with government delegations, UN representatives and other non-governmental organizations. They made the case for a durable, flexible agreement that recognizes business as an important partner, and delivers policy and market clarity for climate and energy.

“U.S. companies are already addressing climate change risks in many institutional, regulatory and market settings, both domestically and internationally,” according to **Norine Kennedy**, USCIB’s vice president for strategic international engagement, energy and environment. “So we encourage governments to lay the foundation in Warsaw for an international framework



that works in harmony and synergy with existing structures for trade, investment and intellectual property rights protection, rather than in opposition.”

Working with and helping to support the International Chamber of Commerce delegation in Bonn, Kennedy delivered business statements to the incoming Polish chairmanship of the climate discussions, and to the Norwegian and Indian co-chairs of the post-2020 agreement negotiating track.

USCIB recognized as a key stakeholder

USCIB has recently secured accreditation to the UN climate agreement’s Green Climate Fund, to provide business recommendations to this new entity for the enabling conditions to catalyze private-sector resources. USCIB is emphasizing quality as well as quantity of investment and aid, via cost-effective and prioritized projects and the deployment of new technologies for efficiency, adaptation and greenhouse gas reduction.

USCIB has also worked through the Major Economies Business Forum (BizMEF) to argue for meaningful and recognized engagement opportunities for business in the UN climate process, modeled on the consultative relationship between BIAC and OECD. “Business input and advice is indispensable to well informed choices by policy makers on the technologies and investments that the new agreement will depend on,” Kennedy said.

Next year’s release of the Intergovernmental Panel on Climate Change’s Fifth Scientific Assessment Report will certainly intensify government and business focus on the international climate process. After a UN climate change summit for heads of state in New York in September 2014, Peru will host ministerial-level climate meetings in December of that year. USCIB will remain closely involved, attending international meetings and conveying member views to the U.S. negotiating team, and ultimately seeing the completion of the new agreement through to its resolution at a summit in Paris in 2015. ■

Greening the Food Chain: Better Policies Are Needed

At an April workshop in Paris, business executives and government policy makers held their first OECD workshop on how to make the agro-food chain greener and more sustainable for all.

The topic of green growth in the food and agriculture sector was at the core of discussions – organized by the OECD secretariat and BIAC, the Business and Industry Advisory Committee to the OECD, part of USCIB's global network – which were held under the banner of “*Green Growth in the Agro-food Chain: What Role for the Private Sector?*”

A number of USCIB members joined **Helen Medina**, USCIB's senior director of product policy and innovation, at the workshop. Participants agreed that business is the leading driver of agricultural productivity and resource efficiency, but that sound policies are necessary pre-requisites in order to realize the full potential of greening the agro-food chain.

The growing challenges facing the sector were addressed, such as climate change, rising demand for food, shifting diets, soil degradation and com-

peting demands for vital resources such as water. These challenges oblige the sector to do more with less – i.e., increase agricultural productivity to meet growing demand, but in a sustainable manner.

“We must collectively look at the problems to identify and answer the questions,” said **Denise Knight**, director of sustainable agriculture with The Coca-Cola Company, in remarks to the workshop.

“Coke's business strategy includes taking a holistic and integrated approach that recognizes the value of the services provided by intact ecosystems,” she said. “We believe in working with partners across sectors, business, government, and civil society, to share our expertise and work on coordinated approaches to resolve problems. But, we also look to governments to reduce trade barriers and streamline the regulatory environments so that we can fully realize our strategy for sustainability.”

Other participating USCIB members included Croplife USA, McDonald's and Monsanto. ■



WHO Urged to Improve Consultation With Private Sector

USCIB is joining with other industry groups in urging the World Health Organization to improve its procedures for engaging with the business community and other stakeholders. In February, as part of a broader reform effort, WHO's executive board decided to conduct public, Web-based consultations on draft principles and policies of engagement with non-state actors.

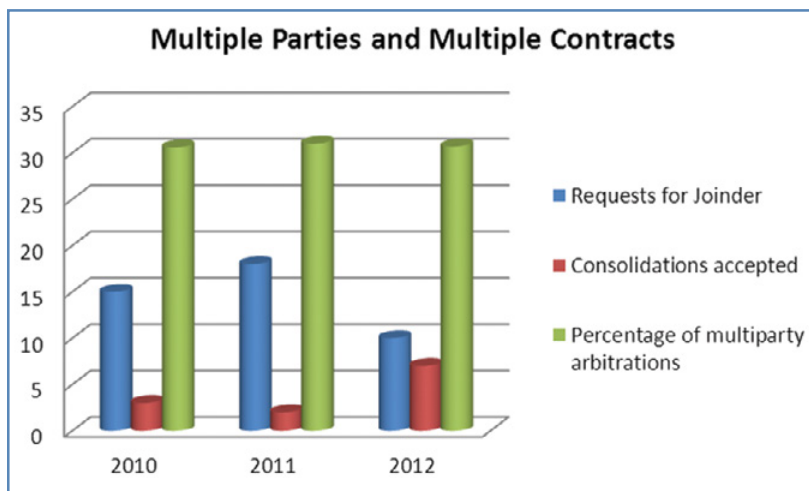
“USCIB is pleased that WHO is now undertaking this process to consider how to engage with the private sector and other stakeholders,” said **Helen Medina**, USCIB's senior director of product policy. “Despite the contributions that business makes to health care innovation, and the impacts of WHO norms and standards on business, WHO has traditionally maintained limited options for business observer organizations.”

WHO is the lead organization for health policy matters within the United Nations system. It is responsible for providing leadership on global health matters, shaping the health research agenda, setting norms and standards, articulating evidence-based policy options, providing technical support to countries and monitoring and assessing health trends.

ICC Arbitration: New Rules Attract International Cases

The ICC International Court of Arbitration received 759 requests for arbitration and rendered 491 awards in 2012, the first year in which the new 2012 ICC Rules of Arbitration took effect. But that's just the tip of the iceberg when it comes to some of the intriguing statistics contained in the latest report from the Court on use of ICC arbitration.

In all, arbitration requests involved 2,036 parties, with almost 10 percent of cases involving state or para-statal entities. The last four years have seen exceptional activity, with an average of 791 cases registered per year and 473 awards given.



The Rules that became effective on January 1, 2012 were the product of a two-year review by the ICC Commission on Arbitration that sought to reinforce the Court's commitment towards an efficient and cost-effective arbitration process, responsive to the interests and requirements of users worldwide.

The 2012 statistics underline the ICC International Court of Arbitration's leading international position. Requests were received from 137 countries and independent territories, with arbitrations taking place in 59 countries. Arbitrators of 76 nationalities also were appointed or confirmed under the ICC Rules.

Since its creation in 1923, the International Court of Arbitration has administered more than 19,000 disputes involving parties and arbitrators from 180 countries and independent territories. You can get more information on ICC arbitration and dispute resolution, specifically geared toward U.S. companies, parties, and current or potential arbitrators at www.iccnorthamerica.org.

Madagascar Joins System for Temporary Imports

In April, the Indian Ocean nation of Madagascar, well known as home to lemurs but also a potentially important destination for U.S. exports and travel, will adopt the ATA Carnet for temporary exports. The move enables travelers to ship a variety of goods in and out of the country temporarily without paying import duties or taxes. USCIB administers and guarantees the Carnet system in the U.S.

"While a minor U.S. trading partner right now, we think Madagascar's growing reputation as a destination for exotic animal and fashion photography will make using Carnets very appealing," said **Cynthia Duncan**, USCIB's senior vice president for trade services. "Professional equipment like that used by photographers is one of the categories of goods covered by a Carnet."

Learn more about ATA Carnets at www.merchandisepassport.org.

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Roanoke Insurance Group Inc. – Services for Trade and Transportation

USCIB International Bookstore

New Trade Finance Rules Explained

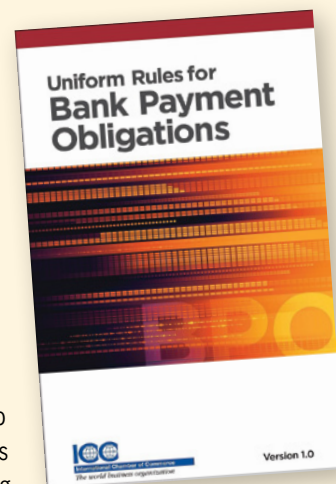
Uniform Rules for Bank Payment Obligations (BPOs), a 21st-century standard in supply-chain finance that will facilitate international trade, is now available at the USCIB International Bookstore (www.internationaltradebooks.org).

These new rules are set to revolutionize trade finance transactions. A BPO is an irrevocable commitment made by one bank to another that payment will occur on a specified date after a specified event has taken place. It provides the benefits of a letter of credit in an automated and secured environment, and enables banks to offer flexible risk mitigation and enhanced financing services to their corporate customers. The BPO is an alternative instrument for trade settlement, designed to complement existing solutions, not to replace them.

The rules, developed by the International Chamber of Commerce (ICC) Banking Commission in partnership with the financial messaging provider SWIFT, take into account the expectations of all relevant industries and users. Reflecting consensus of the industry, the rules were unanimously adopted by the ICC Banking Commission in April and go into effect in July.

“The importance of collaboration among the banking community is paramount today,” according to **Michael Quinn**, co-chair of the ICC URBPO Education Group, chair of USCIB’s Banking Committee, and managing director of global trade at JP Morgan. “We have case studies where banks are successfully using BPOs in situations where there is high volume import, short shipment time periods and a need to provide liquidity to suppliers who are providing relatively low-cost retail consumer type goods. This provides us with excellent examples of how BPOs are being leveraged to facilitate trade without getting bogged down in the processing of documents.”

The speed of trade, the complexity of supply chains and the reliance on information and data today is overwhelming. Over the last 10 years banks and corporates have become focused on financing liquidity down supply chains to ensure products can get to customers. The financial crisis forced many companies to rethink their supply chain strategies and consider ways to guarantee integrity down the chain while ensuring it remains liquid and appropriately protected. This, Quinn suggests, has led to a convergence of corporate needs for supply chain financing with banks’ need to support them in this, and an ambition to reduce paper handling so that greater focus can be put on risk mitigation and financing. ■



Latest Book in Best-Selling Series on Incoterms® Rules

ICC has published its much-awaited *Incoterms® 2010 Q&A: Questions and expert ICC guidance on the Incoterms® 2010 rules*, the latest in a series of best-selling books helping readers understand and use the Incoterms® rules to their strategic advantage. The publication is now available at the USCIB International Bookstore (www.internationaltradebooks.org). Comprising more than 80 new questions, *Incoterms® 2010 Q&A* offers expert guidance on choosing the correct Incoterms® 2010 rules, and thus avoiding costly mistakes arising from dangerous mismatches between the contract of sale and related documents, such as letters of credit and contracts of carriage.

“Since being published by ICC in 1936, the Incoterms® rules have become the gold standard worldwide for the interpretation of most commonly used terms in international trade,” said **Emily O’Connor**, executive secretary of the ICC Commission on Commercial Law and Practice. “This latest installment of the Incoterms® series, by the international body that drafts and maintains the Incoterms® rules, is an invaluable resource for everyone involved in cross-border transactions.” ■

Oracle's Alhadeff Is New Chair of ICC Digital Economy Commission

In April, the International Chamber of Commerce (ICC) announced the appointment of **Joseph Alhadeff** as the new chair of the ICC Commission on the Digital Economy. Alhadeff, chief privacy strategist and vice president for global public policy at Oracle Corp., has served as vice chair of the ICC commission since 2002. He will take over from **Herbert Heitmann**, executive vice president of external communications at Royal Dutch Shell, who will step down from the post at the commission's summer meeting in Paris. The commission develops policy positions for the Internet and ICTs on behalf of users, providers and operators of information technology. Alhadeff also chairs the Information Communications and Computing Policy Committee at BIAC, the Business and Industry Advisory Committee to the OECD. ■



Joseph Alhadeff

USCIB's Duncan to Head Coordinating Body for Global Carnet System

The World ATA Carnet Council (WATAC), the body responsible for managing the international guarantee chain for ATA Carnets – which allow for temporary duty- and tax-free export and import of goods – has elected **Cynthia Duncan**, USCIB's senior vice president of Carnet and trade services, as its next chair. Duncan takes over the leadership role from **Peter Bishop**, who stepped down after nine years at the helm. Managed jointly by ICC's World Chambers Federation and the World Customs Organization, the ATA Carnet system enables duty-free and tax-free temporary import of goods of professional equipment, commercial samples, and goods for trade fairs and exhibitions for up to one year. Today the Carnet system is in force in 73 countries.



Cynthia Duncan

Welcome Our New Members!

We are delighted to welcome the following companies and organizations as the newest members of USCIB:

Merck & Co., Inc. **PartnerRe**
Nissan North America **Sherman & Howard**

*To learn more about the benefits of membership in USCIB, please contact **Abby Shapiro**, Senior Vice President of Business Development, at 617-242-0205 or ashapiro@uscib.org.*

Rob Mulligan, USCIB's senior vice president for policy and government affairs, participated in a March OECD Business Dialogue on 21st Century Trade Barriers in Paris, where he noted growing member concerns with forced localization requirements, restrictions on cross-border data flows, unfair competition from state-owned enterprises, and customs related impediments. The OECD has released a summary report of the dialogue, which was organized in partnership with BIAC, available at www.oecd.org/trade/tradedev/IBD2013Report.pdf. ... **Shaun Donnelly**, USCIB's vice president for investment and financial services, has joined the policy advisory committee at Transparency International (TI)'s U.S. chapter. TI is the leading anti-corruption NGO working to combat bribery and extortion worldwide.

Josefa Sicard-Mirabal, who serves as director for North America at the ICC International Court of Arbitration (working out of USCIB's New York headquarters), was honored in June at the Fourth Annual Latina Trailblazers Breakfast, which celebrates "phenomenal Latinas whose accomplishments serve as a testament to the extraordinary power wielded by smart, creative and energetic Latinas with a conscience." Congratulations, Josefa! ... Joining Josefa's team as deputy director of arbitration and ADR is Rachel Clarke, who comes to us from Newport News, Virginia where she practiced toxic tort litigation at a boutique law firm. She holds a bachelor's degree from George Mason University and a J.D. from Harvard Law School. Welcome, Rachel! ■

USCIB International Leadership Award Dinner

Honoring Frederick W. Smith, Fedex Corporation

Wednesday, September 18, 2013

Waldorf-Astoria, New York City

On September 18, USCIB will hold its 2013 International Leadership Award Dinner at the Waldorf-Astoria in New York City. This year we honor **Fredrick W. Smith**, Chairman and CEO of FedEx Corporation, with USCIB's International Leadership Award, in recognition of his commitment to regulatory reform, open skies and free trade around the world.

The gala dinner regularly attracts several hundred industry leaders, government officials and members of the diplomatic community to celebrate the importance of open markets and the individual receiving USCIB's highest honor.

This year's award dinner coincides with the opening of the United Nations General Assembly, and we are delighted to welcome as our keynote speaker UN Deputy Secretary General **Jan Eliasson**. Ambassador Eliasson, who will be leading work on the UN's Millennium Development Goals and post-2015 Development Agenda, will provide insight into the UN's leadership in

the political, economic and social spheres – and the need for governments, businesses, investors and civil society to work together to tackle common global challenges that increasingly know no boundaries.

In addition, we look forward to welcoming top representatives of the International Chamber of Commerce, including members of the ICC Executive Board and ICC National Committee heads from around the world, who will be in town to attend meetings hosted by USCIB Chairman **Terry McGraw** (who in July takes over as Chairman of ICC).

For information on the dinner, including sponsorship opportunities, visit www.uscibgala.com, or contact **Abby Shapiro** (ashapiro@uscib.org). We look forward to seeing you there! ■



Save the date! 8th Annual ICC New York Arbitration Conference

Monday, September 9, 2013

New York City

This conference asks panelists and participants to launch into an interactive discussion on current trends in international ADR. Essential for arbitrators, mediators, legal practitioners, in-house counsel and academics who wish to learn more about international arbitration and mediation. Program information coming soon. To learn more, contact **Alexandra Akerly** (aay@iccwbo.org). ■

A promotional advertisement for Amanpour on CNN. It features a large, smiling portrait of Christiane Amanpour in the center. The background is a dark, modern interior with geometric shapes and lights. The text "GETTING ANSWERS ON THE ISSUES THAT MATTER" is written in bold, yellow, uppercase letters on the left. Below this, in smaller white text, it says "With 25 years of journalistic experience, vital conversations and holding those in power to account, Christiane Amanpour delivers an essential, informed analysis of today's ever changing world." At the bottom left, it says "For advertising opportunities, please contact Kate McVeigh (212) 275 6791". The name "Amanpour." is written in large, white, lowercase letters across the bottom right. In the bottom right corner, there is the CNN logo and the website "www.amanpour.com".

GETTING ANSWERS ON THE ISSUES THAT MATTER

With 25 years of journalistic experience, vital conversations and holding those in power to account, Christiane Amanpour delivers an essential, informed analysis of today's ever changing world.

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UNITED STATES COUNCIL FOR
INTERNATIONAL BUSINESS

1212 Avenue of the Americas, New York, NY 10036

calendar

september 2013

5 - 6	St. Petersburg, Russia	G20 Summit
17	New York	ICC Group on Economic Policy
18 - 19	New York	ICC Executive Board
18	New York	USCIB International Leadership Award Dinner
18	New York	USCIB Executive Committee
24	New York	UN General Assembly opens
24	Washington, D.C.	USCIB and ICC Competition Policy joint meetings
30 - 25	Geneva	ICC Commission on Trade and Investment Policy (tentative)

october 2013

1 - 8	Bali	APEC CEO Summit
5	Boston	ICC Commission on Arbitration
15 - 16	Paris	BIAC Economic Policy Committee
17 - 31	Geneva	ILO Governing Body
21 - 25	Vienna	ICC Banking Commission
22	Geneva	ICC Taxation Commission (tentative)
25	Rome	ICC Commission on Customs and Trade Facilitation
30	Sao Paolo	ICC Commission on Intellectual Property

november 2013

7 - 8	Rome	ICC Commission on Commercial Law and Practice
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january 2014

23 - 24	Paris	ICC Marketing and Advertising Commission
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International Business is published quarterly by the United States Council for International Business. It is intended for informational use only and should not be construed as an authoritative statement of USCIB views or policy.

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ISSN 1939-8301

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