



USCIB Washington Update

Highlighting Key Activities, April – May, 2012

During the months of April and May, USCIB's Washington, D.C. office organized a meeting with Treasury about serious industry concerns with India tax proposals, presented on a new virtual customs-business work group at the APEC meetings in Russia, compiled a 20-page matrix of forced localization requirements and met with Arrow Augerot, USTR, who is leading an interagency task force on localization, discussed APEC priorities with Ambassador Hans Klemm, and engaged Angela Ellard on labor provisions in the Model BIT and TPP. Below are brief summaries of these and other highlights from the activities of USCIB in Washington, D.C. over the last two months. If you have any questions or comments, or want more information on a specific topic, please contact any of the staff members listed at the end of this brief.

Trade and Investment – *Opening Global Markets for Trade and Investment*

- **Arrow Augerot, USTR, Engages USCIB on Forced Localization Concerns:** On May 24, 2012, Arrow Augerot, USTR, met with over 20 USCIB member companies in the DC office to discuss growing concerns with forced localization policies. Arrow was recently appointed to lead a U.S. government interagency group focused on localization policies and developing a comprehensive strategy for combating them. She thanked USCIB for its extensive compilation of localization policies members are facing. The interagency group had its initial meeting and discussed elevating attention to the problems, assessing the impact on industry, and determining the motivations behind the regulations. Members discussed the need to develop a toolkit of measures to address localization regulations, look at the national security exception used by many countries, and review U.S. defensive interests. USCIB will maintain regular contact with Arrow in providing industry input into the work of the interagency group.
- **USCIB Joins Localization Coalition Meetings With Marantis and Hormats:** USCIB is actively participating in a coalition of business groups concerned with the growing number of localization requirements being implemented by countries. The coalition is meeting with senior U.S. officials to raise these concerns and urge a comprehensive strategy for addressing them. On April 19 and May 17, Rob Mulligan, USCIB Senior Vice President, joined coalition meetings with Demetrios Marantis, Deputy USTR, and Robert Hormats, Under Secretary of State, respectively. Amb. Marantis agreed with the need for a holistic strategy and noted that the TPSC has created a subcommittee to

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Global Business Leadership as the U.S. Affiliate of:
International Chamber of Commerce (ICC)
International Organization of Employers (IOE)
Business and Industry Advisory Committee (BIAC) to the OECD
ATA Carnet System

focus on these issues. He stressed the need to demonstrate to other countries why these requirements are bad for their economies and will have a long-term negative impact on their competitiveness. He suggested that business will need to meet with a broader group of government agencies to ensure a coordinated U.S. message.

Under Secretary Hormats was very familiar with our concerns and agreed that a comprehensive approach is needed. The group discussed the potential for raising these issues at the highest levels in G8, G20, and pushing through CEOs. But it was also noted that the motivation behind the localization requirements may vary by country and it is important to assess these and try to find alternative approaches to address the country concerns. Related to this is the need to work with allies in each country. He was also open to the USCIB suggestion of exploring work that could be done in the OECD to raise awareness and understanding of the problems with localization requirements.

- ***USCIB Supports Model BIT and ICC Investment Guidelines:*** The April/May period has seen several significant positive developments on international investment policy. On April 21, 2012, the Administration (finally) issued its long-overdue Model Bilateral Investment Treaty (Model BIT) text and announced its intention to press forward with long-stalled BIT negotiations with China, India and other priority partner countries. USCIB and others in the business community generally welcome the move forward on BITs and the maintenance of strong investment protections and dispute settlement provisions in the Model BIT text. At the same time, we note some concern over the expansion in the Labor and Environment chapters in the Model text. In addition, on April 10, 2012, the U.S. and European Union issued a concise high-standard, joint statement on Investment Principles which was hailed by USCIB and other leading business organizations. And on April 20, 2012, the International Chamber of Commerce issued its updated Investment Guidelines, updating a 40 year- old ICC document with voluntary recommendations to investors, home governments and host governments. Jim Bacchus of USCIB-member GreenbergTraurig chaired the ICC Guidelines drafting committee with support from USCIB staff.
- ***U.S. Senior Official for APEC Briefs USCIB Members on APEC Priorities for 2012:*** On May 10, 2012, Ambassador Hans Klemm, the new U.S. Government Senior official for APEC, came to USCIB to brief interested members on U.S. priorities for APEC in 2012. With Russia chairing APEC in 2012 and an accelerated schedule of meetings this year, there are some challenges. Members were able to give Ambassador Klemm their assessment of on-going APEC work in several important areas. USCIB's APEC manager, Justine Badimon, updated the group on USCIB's current APEC activities which includes the APEC Chemical Dialogue, Data Privacy, APEC Customs Business Dialogue and also new areas of focus with the Women in the Economy Forum. USCIB is also exploring where APEC could be a positive space to work on other issues such as competitive neutrality and forced localization. Advance planning for Indonesia's host year of 2013 was also discussed and it was agreed that industry should begin to provide input to the planners and think about priorities and deliverables for APEC going forward into 2013 and 2014.

- USCIB Joins BIAC Business Delegation to the OECD:** USCIB was one of four leading associations co-sponsoring the annual BIAC business delegation to the OECD in Paris April 12-13, 2012. Vice President for Investment, Financial Services, and Banking Shaun Donnelly and a group of leading member companies joined the annual delegation led by BIAC Chairman Charlie Heeter (Deloitte). The 24-person business delegation included USCIB members Nestle, Pfizer, Siemens, DuPont, Microsoft, Unilever, Wiley Rein, and Crop Life America. The BIAC group had excellent informal discussions with OECD top leadership including Secretary General Angel Gurría and his top deputies.
- USCIB Co-Sponsors Outlook on Mexico G20 Summit:** On June 5, 2012, USCIB is cosponsoring, with CSIS and ICC, a program on the outlook for the G20 Summit in Mexico. Mike Froman, U.S. Deputy National Security Adviser for International Economic Affairs, and Terry McGraw, USCIB Chairman, will be among the keynote speakers. Incoming Chair of the USCIB Trade and Investment Committee, Rick Johnston (Citi), will be on one of the panels. USCIB has been providing input into the B20 process and recommendations to the G20 through ICC, IOE and BIAC.
- Urging the State Department to Address Business Priorities in the UPU Congress:** Shaun Donnelly has met a couple of times with State Department officials working to prepare U.S. positions for the Universal Postal Union (UPU) Congress (Ministerial) in Doha (September 24 – October 15). We are urging U.S. Government officials to listen carefully to business priorities and concerns, especially in areas where national postal monopolies are competing, or could move to compete with private sector companies, including in package delivery and financial services.
- Pushing the SOE Issue in TPP and at the OECD:** USCIB has continued to lead business community efforts with the U.S. government to get international focus on the issue of State Owned Enterprises (SOEs). Shaun Donnelly has continued to work in a small group of associations and experts with the U.S. Government to push for strong disciplines on SOEs in the on-going TransPacific Partnership (TPP) trade negotiations. We also continue to work with the State Department and others in the U.S. Government to advance serious analytical work on SOEs and “Competitive Neutrality” at the OECD.
- ICC Banking Commission and USCIB Banking Committee Meet:** The ICC’s Banking Commission, a key body that is establishing international standards for trade finance documentation and procedures, met in late April in Qatar. The Commission will meet next in Mexico City in mid-November. The USCIB’s Banking Committee met by conference call May 29, 2012 to review developments in that Doha meeting and on-going policy work in the ICC’s Banking Commission.

Customs – Reducing Barriers and Costs from Customs and Border Control Practices

- USCIB Presents on Customs-Business Virtual Working Group at APEC Meetings:** Nasim Deylami, USCIB Manager for Customs and Trade Facilitation, attended the APEC Customs Business Dialogue and the meeting of Sub-committee on Customs and Procedures (SCCP) at the Second Senior Officials’ Meeting in Kazan from May 21 – 24, 2012. She was in Kazan to make a presentation to the SCCP members on the creation

of a Customs-Business Virtual Working Group within APEC, in collaboration with the U.S. delegation, led by Brendan O'Hearn, Director of Strategic Operations in the CBP Office of International Affairs. The U.S. made a formal proposal for the creation of the group in Moscow and selected Nasim and the following USCIB members to participate in the group: Jerry Cook, Hanesbrands, Meredith Goleman Bielke, Oracle, Eugene Laney, DHL, Ralph Carter, FedEx, and Don Huber, General Electric. The other 20 economies have until June 12, 2012 to nominate private sector participants to the group, which will consist of SCCP members and private sector representatives from each APEC economy. In 2012-2013, the group will focus its work on AEO capacity building, best practices and benefits, mutual recognition of AEO programs, and planning for the Customs Business Dialogue in Indonesia in September 2013.

- ***USTR Briefs USCIB Customs Committee on Re-manufacturing Work:*** Barbara Norton, Deputy Assistant USTR for Non-Tariff Barriers, and Edward Brzytwa, Director for Industrial Non-Tariff Barriers, joined the USCIB Customs and Trade Facilitation Committee at its April 24, 2012 meeting at Sandler, Travis & Rosenberg, P.A., to provide a briefing on USTR's work within APEC and the WTO on re-manufacturing. USTR started the WTO work in 2005, where the focus was primarily on auto parts, earth moving equipment, medical devices and IT equipment. USTR is now actively engaged in APEC to promote re-manufacturing, and in 2011 secured a Pathfinder, signed by 11 member economies pledging to eliminate measures concerning the importation of remanufactured goods and other measures impeding remanufacturing. There will be an APEC Re-manufacturing Workshop in Penang in October 2012, and USCIB will share additional information with members as it becomes available.
- ***Simplified Entry Pilot Update from CBP:*** Jeremy Perez, Acting Section Chief, Cargo Control & Release Division from the ACE Business Programs Office within CBP also attended the April 24 meeting of the USCIB Customs and Trade Facilitation Committee to provide an update on the progress of the Simplified Entry Pilot program and answer member questions. You may direct additional questions and comments on simplified entry to the attention of Mr. Perez at jeremy.perez@cbp.dhs.gov.
- ***USCIB Senior Managers Discuss Beyond the Border with Simon Kennedy:*** On April 27, 2012, Simon Kennedy, Senior Associate Deputy Minister for Industry Canada, met with Peter Robinson, USCIB President and CEO, Cynthia Duncan, USCIB Senior Vice President for Carnet Operations, Abby Shapiro, USCIB Senior Vice President for Business Development and Nasim Deylami to discuss the ongoing implementation of the U.S.-Canada Beyond the Border Action Plan. Daniele Ayotte, Deputy Consul General of Canada, and Paula Kennedy, Vice Consul and Deputy Head of Political/Economic Relations and Public Affairs, were also in attendance. Mr. Kennedy thanked USCIB for its ongoing support of the Action Plan and urged companies to meet with implementing teams in the U.S. and Canada to provide on-the-ground feedback and input on the various stages of implementation.
- ***CBP Trade Symposium Announces New Centers for Excellence and Expertise:*** On May 10, 2012, Nasim Deylami attended the CBP West Coast Trade Symposium at the Long Beach Convention Center in Long Beach, CA. The theme of the symposium was

“Transforming Trade for a Stronger Economy” and included panels on Centers for Excellence and Expertise (CEE), ACAS and Simplified Entry, Partnerships in the 21st Century, and a CBP Leadership Town Hall. Notably, CBP announced the creation of two newest CEES: Automotives in Detroit and Petro-chemicals and Minerals in Houston.

- ***Deylami Assists DHS National Strategy for Global Supply Chain Security Outreach:*** Nasim Deylami worked with DHS to plan the first of five outreach meetings on the President’s National Strategy for Global Supply Chain Security, which was held in New York City at the offices of USCIB member company Pfizer. DHS provided an overview of the strategy and took questions and comments from attendees. There are two more outreach sessions in Detroit on June 6, 2012 and Los Angeles on June 13, 2012. If you would like additional information on these sessions or you are unable to attend and would like to share comments with DHS, please contact Ms. Deylami at ndeylami@uscib.org.

Tax – Advancing Tax Policies that Promote U.S. Competitiveness

- ***USCIB Leads Meeting with Treasury on Indian Finance Bill:*** Carol Doran Klein, USCIB Vice President and International Tax Counsel, organized a meeting of several business groups with Treasury to discuss serious industry concerns with the Indian Finance Bill of 2012. The bill made numerous proposals that would negatively affect U.S. companies investing in India. The purpose of the meeting was to persuade Treasury that Secretary Geithner should discuss the impact of this legislation when he met with Finance Minister Mukherjee. Secretary Geithner did raise the concerns of business at this meeting. The Finance Bill has been adopted with some changes that reflect extensive efforts by USCIB and other interested groups. USCIB will continue to work to limit the scope of these rules as relevant provisions are defined administratively.
- ***USCIB Participates in OECD Task Force on Tax and Development:*** Carol Doran Klein participated in a two-day OECD meeting on Tax and Development held in Cape Town, South Africa on May 9-10, 2012. The attendees approved a proposal concerning the establishment of a foundation, Tax Inspectors without Borders, the goal of which would be to provide the right experts, at the right time, in the right way. It is hoped that the foundation will be up and running by the end of the 2013. Also discussed at the meeting was a pilot document on Transfer Pricing Needs Assessment and Implementation Tool. USCIB submitted comments on this document. ([Link](#))
- ***USCIB-OECD Tax Conference Features International Speakers:*** The annual OECD Tax Conference will be held on June 4-5, 2012. The conference will feature timely discussions on the transfer pricing of intangibles, the definition of permanent establishment, and tax in emerging economies. Featured speakers include Pascal Saint-Amans, new director of the Center for Tax Policy and Administration; Jose Fernandez, Assistant Secretary, Economic and Business Affairs, U.S. Department of State; and Masatsugu Asakawa, Deputy Vice Minister for International Affairs, Ministry of Finance, Japan and Chair, OECD Committee on Fiscal Affairs.

- ***Carol Doran Klein Named Vice Chair of the BIAC Taxation Committee:*** Carol was recently named Vice Chair of the BIAC Taxation Committee. As Vice Chair, Carol has an opportunity to participate in the BIAC decision making process on tax issues critical to U.S. business. The BIAC Taxation Committee is deeply involved in the OECD's projects on transfer pricing, tax treaties and tax and development.

Labor – Providing Business Support for Improving Labor Conditions Worldwide

- ***Angela Ellard Discusses BIT and TPP Labor Provisions with USCIB Labor Committee:*** On May 22, 2012, Angela Ellard, Chief Trade Counsel to the Ways and Means Committee, met with the USCIB Labor Committee to talk about the labor provisions in the new Model BIT and being proposed in the TPP negotiations. In both instances she has concerns to the extent that these vary from the labor language used in the recent Free Trade Agreements. As additional provisions are added she sees a slippery slope that will undermine the goals of U.S. trade and investment treaties to open foreign markets to U.S. companies.

Membership

- ***Member Meetings:*** The DC Membership Department and D.C. Policy Staff met with representatives from member companies Gap, Clorox, UPS, Microsoft, and Cisco in an effort to better understand their policy priorities for the next year and beyond and to see how USCIB can better accommodate their policy needs. USCIB President, Peter Robinson, also visited with members during a trip to D.C. including P&G, FedEx, Dow, Siemens and Lockheed Martin.
- ***Recruitment:*** The D.C. Membership Department and D.C. Policy Staff met with prospective members United Technology Corporation, Conoco, Amway, Thomson Reuters, Underwriters Laboratories, URS Corporation, Alstom Power, Hyundai, American Honda, and Mozilla to discuss how USCIB membership would be of benefit to them.
- ***New Members:*** USCIB has recently welcomed the following new members: FiftyOne, Office Depot, Patton Boggs, Cravath, Swaine & Moore LLP, and Frankfurt Kurnit Klein & Selz PC.

Upcoming Events

- **USCIB Taxation Committee Meeting** – June 4, 2012, Bingham McCutchen, 2020 K Street NW, Washington, D.C.
- **USCIB/CSIS/ICC Program on G20 Outlook** – June 5, 2012, CSIS, 1800 K Street, NW, Washington, D.C.
- **2012 OECD International Tax Conference** – June 4-5, 2012, Four Seasons Hotel, 2800 Pennsylvania Avenue NW, Washington, DC
www.uscibtax.org

- **Meeting of ICC Committee on Customs and Trade Regulations** – June 12, 2012, Four Season Hotel, Mexico City, Mexico
- **ICC Trade Facilitation Symposium** – June 13-14, 2012, Four Seasons Hotel, Mexico City, Mexico. For registration and information:
http://www.iccmex.mx/correos/2012/junio/aduanas_e.html
- **USCIB Trade and Investment Committee Meeting** – June 19, 2012, USCIB, 1400 K Street, N.W., Suite 905, Washington, D.C.

Again, please feel to contact any of our Washington staff (below) if you would like more information on a specific issue mentioned in this brief. Thank you for your continued support of USCIB.

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