

International Trade UPDATE

JUNE 2006

U.S.–Brazil Commercial Dialogue Launched

During a four-day visit to Brazil, Secretary of Commerce Gutierrez initiated a new Commercial Dialogue with this important Latin American trading partner.

The U.S.–Brazil Commercial Dialogue was officially launched on June 6, 2006, in Rio de Janeiro when U.S. Secretary of Commerce Carlos M. Gutierrez met with Brazilian Minister of Development, Industry, and Trade Luiz Furlan. The goal of this dialogue is to stimulate bilateral trade and investment, with a focus on improving the competitiveness of each country.

Implementing a Presidential Initiative

The Commercial Dialogue is a direct result of meetings between U.S. President George W. Bush and Brazilian President Luiz Inácio “Lula” da Silva in November 2005. At those meetings, the two leaders made a commit-



U.S. Secretary of Commerce Carlos M. Gutierrez (L) and Brazilian Minister of Development, Industry, and Trade Luiz Furlan (R) in Rio de Janeiro on June 6, 2006.

ment to strengthen the bilateral relationship between the two countries through a new government-to-government dialogue on improving their commercial relationship.

“The establishment of this Commercial Dialogue with Brazil is a priority for the Bush administration,” said Gutierrez. “We are working hard with our Brazilian counterparts to ensure that this Commercial Dialogue delivers concrete steps to make both of our nations more competitive in the global economy. By making it easier to conduct trade and investment between our two countries, we can create a win-win situation for both Brazil and the United States.”

A Wide-Ranging Focus

The U.S.–Brazil Commercial Dialogue will be a government-to-government initiative that works closely with the private sectors of both countries. At least once a year, both governments intend to meet at the ministerial level to carry the agenda forward.

Among the key issues that the Commercial Dialogue will address are the following:

- **Business facilitation.** Topics for future discussion will include regulatory practices, business registration, and strate-

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Manufacturing Strength Starts at Home

By working to strengthen domestic competitiveness, the Department of Commerce is helping America's manufacturers succeed in the global marketplace.

BY AL FRINK

The changing global economy constantly affects the way we conduct business. Our focus at the Manufacturing and Services unit of the International Trade Administration (ITA) is to create a business environment that will enable U.S. industries to win in the global marketplace. This mission starts at home, and it starts with competitiveness.

U.S. Manufacturing: Profitable and Productive

There is good reason for optimism about the U.S. economy. It is the strongest economy in the world, and it continues to grow faster than the economies of other industrial nations. During the first quarter of 2006, U.S. gross domestic product grew at an annual rate of 5.3 percent, which built on the stable 3.5 percent growth of 2005. Since August 2003, 5.3 million jobs have been created. The unemployment rate is now 4.6 percent—well below the average of the four previous decades.

Just like the economy as a whole, the manufacturing sector has rebounded from significant challenges, including burdensome regulations, high energy prices, and escalating health care costs. In fact, the U.S. manufacturing sector is performing well. According to the Department of Commerce's Bureau of Economic Analysis, profits are increasing faster for manufacturers as a whole, quadrupling since 2001. Profits in this sector now exceed the level reached during the economic boom of the 1990s.

American manufacturing remains strong because our workers are the most productive in the world. During the past year, manufacturing production grew at a rate of 5.5 percent. According to the Bureau of Labor Statistics, productivity growth exceeded 4.0 percent in 2005, outpacing the 3.7 percent average annual growth rate of the 1990s.

The American Competitiveness Initiative

American manufacturing lies at the foundation of our economy. As the chief manufacturing advocate for the administration, and a former manufacturer myself, I believe that the public and private sectors should work together to strengthen that foundation. What are those of us in the public sector doing to accomplish this goal? Foremost, we are working to ensure that our manufacturers prosper domestically. In this respect, the United States has an advantage over its competitors. We are blessed with the most innovative and talented workforce in the world. But we should not grow complacent.



Assistant Secretary for Manufacturing and Services Al Frink speaking at Purdue University on May 23, 2006.

Rather, we must enforce America's economic strength by maintaining a healthy business environment and a highly skilled workforce.

To this end, President Bush, earlier this year, announced the American Competitiveness Initiative (ACI). The ACI is an ambitious strategy that is designed

- To encourage aggressive investment in research and development (R&D)
- To increase the number of workers receiving job training

- To raise student achievement in math, science, engineering, and technology

The ACI is backed by a historic amount of funding: \$5.9 billion in fiscal year 2007 and more than \$136 billion during the next 10 years. This unprecedented level of support highlights the administration's commitment to competitiveness and the future of U.S. businesses.

The Manufacturing Council

The Department of Commerce has been supporting competitiveness in cooperation with U.S. manufacturers through the Manufacturing Council. The council, established in June 2004, is comprised of 15 manufacturing executives from across the country and from different industries. It meets quarterly to advise the secretary of commerce on government policies and programs that affect U.S. manufacturing, as well as to provide a forum for proposing solutions to industry-related challenges.

On June 16, 2006, Deputy Secretary of Commerce David Sampson hosted the sixth meeting of the council, which was held at the National Institute for Science and Technology in Gaithersburg, Maryland. At this meeting, senior officials of the department listened to the concerns and recommendations of council members and outlined for the council what the administration is doing to improve manufacturing.

One of the council's recommendations is that the R&D tax credit be made permanent. According to the council, "Government support of R&D is vital to sustain and encourage manufacturing in the United States. Fostering innovation not only enables U.S. manufacturers to remain competitive, but also is a key to improving productivity and enabling start-up companies."

R&D projects require a lot of time, resources, and expenses for manufacturers. They also require hiring and extensive training of employees. Permanent extension

of the R&D tax credit will help ensure that American manufacturers stay ahead of the competition.

America's economy and its manufacturing sector have benefited from President Bush's pro-growth, pro-business economic policies. But there is always more work to do. And the Manufacturing and Services unit is committed to effectively advocating for U.S. manufacturers within the federal government.

Al Frink is the assistant secretary for manufacturing and services in the International Trade Administration.

For More Information

To find out more about the Manufacturing Council, including links to its reports and announcements of its activities, visit www.manufacturing.gov.

Information about ACI, including a report published by the White House Domestic Policy Council in February 2006 titled *American Competitiveness Initiative: Leading the World in Innovation*, can be found on the Web at www.whitehouse.gov/stateoftheunion/2006/aci/.

Top 10 Markets For U.S. Exporters In Brazil In 2005

(in millions of dollars)

1. Computer accessories
\$1,318
2. Civilian aircraft engines
\$1,162
3. Organic chemicals
\$945
4. Civilian aircraft parts
\$860
5. Semiconductors
\$692
6. Plastic materials
\$633
7. Fertilizers
\$543
8. Pharmaceuticals
\$470
9. Telecommunications
\$445
10. Excavating machinery
\$427

Source:
U.S. Census Bureau, Foreign Trade Statistics, "U.S. Exports to Brazil from 2001 to 2005, by Five-Digit End-Use Code."

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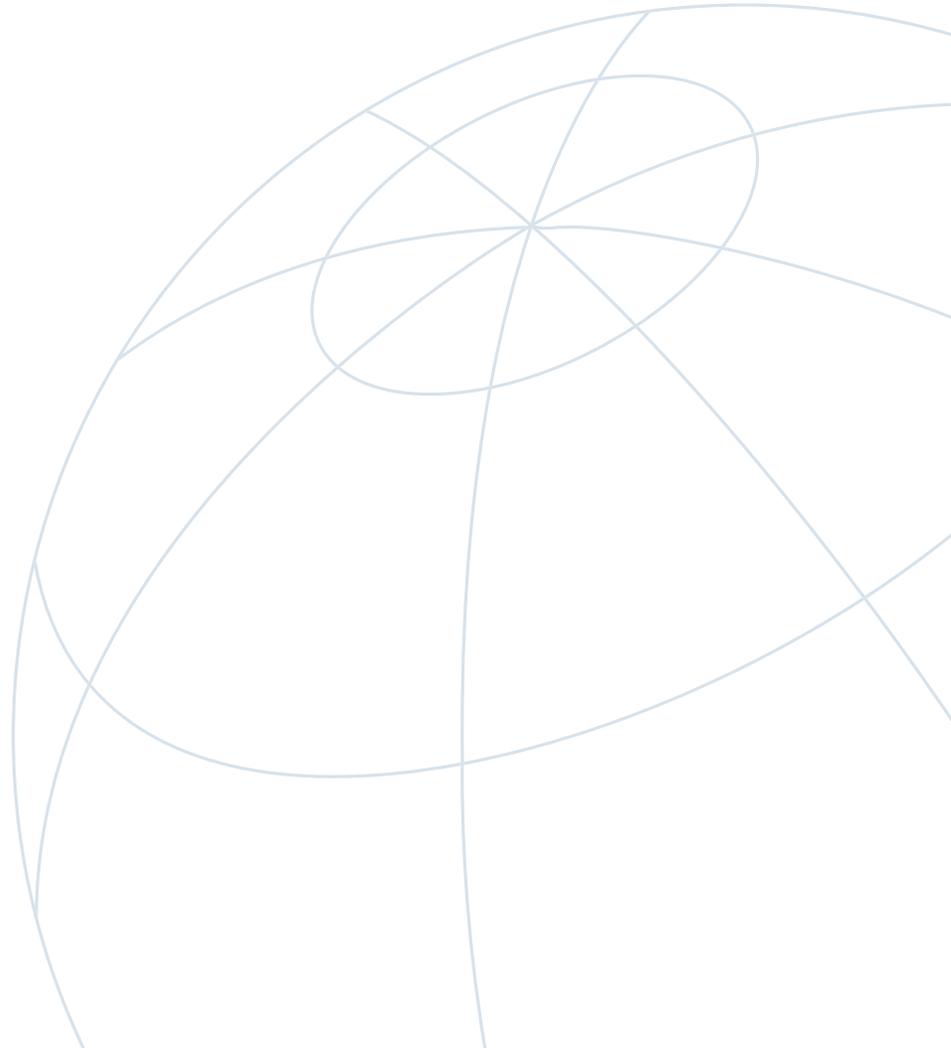
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gies to move goods quickly and efficiently across borders.

- **Export and investment promotion.** The Department of Commerce and its Brazilian counterpart, the Ministério do Desenvolvimento, Indústria e Comércio Exterior, agreed to exchange information and experiences on the collection, classification, and distribution of statistical data on international trade in services.
- **Intellectual property protection.** Brazil and the United States will promote enhanced technical cooperation on patents and trademarks. The goal, according to Gutierrez, will be an "intellectual property violations-free environment."

- **Standards.** The minister and secretary agreed to promote cooperation on standards, conformity assessment, and technical regulations by enhancing cooperation and information sharing between the standards-setting organizations of both countries, as well as among other interested private-sector parties.

"The partnership we enjoy with Brazil is strong, but we are always looking for ways to make it even better," continued Gutierrez. "By working together to facilitate business and support entrepreneurship and innovation, the United States and Brazil can increase our commercial ties and build a competitive platform for the Americas."



The President's Export Council: A Vital Voice in Trade Policy

Since 1973, the President's Export Council has been an important means of communicating the business community's views on trade issues to the administration. Here is a look at its workings.

BY J. MARC CHITTUM

On July 19, 2006, the President's Export Council (PEC) is scheduled to hold its next meeting in Washington, D.C. It will address issues such as proposed letters of recommendation on the U.S.-Korea Free Trade Agreement, radio frequency identification, immigration, and avian flu preparedness. The council is the principal national advisory committee on international trade. It advises the president of government policies and programs that affect U.S. trade performance; promotes export expansion; and provides a forum for discussing and resolving trade-related challenges among the business, industrial, agricultural, labor, and government sectors.

History and Structure

President Richard Nixon established the council in 1973. At that time, it was composed of 20 members, all of them business executives. Six years later, in 1979, President Jimmy Carter reconstituted and expanded the PEC. Council membership grew to the current roster of 48 members and was extended to include leaders of the labor and agriculture communities, members of Congress, and members of the executive branch.

The 28 private-sector members of the PEC are appointed by the president, and they serve at his pleasure, with no set term of office. Five senators and five representatives are appointed to the council by the president of the Senate and the Speaker of the House, respectively. Executive branch members serve by virtue of their office, and members include the secretaries of commerce, agriculture, energy, homeland security, labor, state, and treasury; the U.S. trade representative; the chairman of the Export-Import

Bank of the United States; and the administrator of the U.S. Small Business Administration.

The full council meets at least twice a year, usually in Washington, D.C. The members do not receive compensation for their service, and their activities are subject to the Federal Advisory Committee Act.

The PEC maintains subcommittees according to the council's interests, and membership in those subordinate committees is drawn from the council's membership. The PEC currently has three subcommittees:

1. Trade Promotion and Negotiations
2. Technology and Competitiveness
3. Services.

The PEC also maintains a Subcommittee on Export Administration (PECSEA). Because the PECSEA includes non-PEC members, it is chartered separately. The PECSEA was created in 1976 to review export control issues. Its members are appointed by the secretary of commerce. Like the other subcommittees, it may also hold separate meetings.

Active Voice in Trade Issues

Over the years, the PEC has been an important voice in promoting programs and policies that support U.S. exports. Those programs and policies have included supporting the passage of legislation, such as the Export Trading Company Act and amendments to the Foreign Corrupt Practices Act; making recommendations on innovative programs at the Export-Import Bank and the Agency for International Development; and undertaking detailed reports on trade issues at the request of the president.

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Trade Mission to India Scheduled for November

On June 22, 2006, Under Secretary of Commerce for International Trade Franklin L. Lavin announced that he will personally lead a large business development mission to India from November 29 through December 4, 2006. Geared for U.S. companies ready to make sales in India, the trade mission will begin with a two-day business summit in Mumbai on November 30 and December 1. After the summit, U.S. companies can participate in spin-off missions to one of six cities—Bangalore, Kolkata, Chennai, Hyderabad, Mumbai, or New Delhi—led by the U.S. and Foreign Commercial Service. These missions will include market briefings, networking receptions, and one-on-one business appointments. Participants in the trade mission will have access to India's high-level business, industry, and government representatives. Participants will also have opportunities to gain insights into the country's trade and investment climate during strategic breakout sessions and one-on-one appointments with prospective agents, distributors, partners, and end-users. India is the world's fastest-growing free-market democracy, and it presents lucrative opportunities for all types of businesses, especially U.S. companies. In 2005, U.S. merchandise exports to India were almost \$8 billion, nearly double the amount in 2002. To receive more information about the trade mission or to register, visit www.export.gov/indiamission.

North American Competitiveness Council Launched

U.S. Secretary of Commerce Carlos M. Gutierrez, Mexican Minister of Economy Sergio Garcia de Alba, and Canadian Minister of Industry Maxime Bernier met with North American business leaders in Washington, D.C., on June 15, 2006, to officially launch the North American Competitiveness Council (NACC). The council is composed of high-level business leaders from each of the three North American Free Trade Agreement (NAFTA) partners. Each country's delega-



U.S., Canadian, and Mexican trade officials meeting in Washington, D.C. on June 15, 2006, to launch the North American Competitiveness Council.

tion consists of 10 members who will meet annually to provide recommendations and priorities on promoting North American competitiveness globally. In addition, the governments will work with the council to remove barriers to increase the competitiveness of North American firms in the global marketplace and to spur economic growth.

The NACC grew out of a commitment made during the March 2006 meeting of NAFTA heads of state in Cancún, Mexico. It is part of the agenda for the Security and Prosperity Partnership (SPP) of North America, which was launched in March 2005. The SPP is meant to reduce trade barriers and to facilitate economic growth, while improving the security and competitiveness of the three North American partners. The security and prosperity ministers from all three countries are scheduled to hold a meeting with the NACC in early fall 2006 to discuss priorities and to consider new initiatives. For more information, go to the SPP Web site at www.spp.gov.

Commerce Department Hosts North American Steel Trade Committee Meeting

On May 24–25, 2006, steel industry representatives and government officials from Canada, Mexico, and the United States convened at the Department of Commerce in Washington, D.C., for the sixth meeting of the North American Steel Trade Committee (NASTC). This

meeting was the first of the NASTC since the March 2006 launch of the North American Steel Strategy, a key initiative under the Security and Prosperity Partnership (SPP) of North America.

U.S. Secretary of Commerce Carlos M. Gutierrez opened the meeting by emphasizing the importance of regional strategies to promote North American competitiveness and the NASTC's positive example of government-industry cooperation under the SPP. North American competitiveness remained a key theme of the two-day meeting, which included presentations and discussion focusing on the Steel Strategy's three main areas of work: internal trade, external trade, and the industry-led initiative on productivity and competitiveness.

Highlights of the meeting agenda included the recently announced North American Competitiveness Council (NACC), which is designed to promote private-sector input under the SPP for enhancing North America's competitive position (see related story in this section). Highlights also included the NASTC's ongoing external trade initiatives, including efforts in the Steel Committee of the Organization for Economic Cooperation and Development; the World Trade Organization Doha Round negotiations; and foreign market distortions.

Mexico will host the next NASTC meeting this fall.

Proposal to Suspend Duties on Emergency Supplies Unveiled

On June 16, 2006, U.S. Secretary of Commerce Carlos M. Gutierrez announced a proposed regulation that would allow the Department of Commerce to temporarily suspend the collection of antidumping and countervailing duties on imports of supplies for use in emergency relief work in areas where the president has declared a state of emergency.

"This administration is committed to making sure the American people have the resources they need in the event of an emergency," said Gutierrez. "This proposed regulation will help the federal government

respond to disasters and help Americans rebuild their lives, cities, and communities."

Under the proposed regulation, the secretary of commerce would consider written requests for duty waivers on a case-by-case basis. If the secretary determines that it is appropriate to waive duties on particular imports of emergency supplies, he will notify the person who submitted the request and instruct U.S. Customs and Border Protection to allow the merchandise to enter the United States free of antidumping and countervailing duties. If the particular merchandise is used in the United States for purposes other than emergency relief work, it may be subject to seizure or other penalty.

There will be a public comment period on this proposal, during which written comments may be submitted to the Department of Commerce. Comments must be submitted no later than 30 days after the regulation's publication in the *Federal Register*. After the comment period closes, the department will review the comments and make a final decision.



Source: U.S. Department of Commerce, International Trade Administration; U.S. Census Bureau.

July 12

Ways to Finance Your Technology Exports
Austin, Texas
www.fyiaustin.com

This seminar is cosponsored by the U.S. Export Assistance Center in Austin, Texas, and the International Center of Austin. For information, contact Karen Parker, tel.: (512) 916-5939; e-mail: karen.parker@mail.doc.gov.

July 12-14

IAAPA Asian Expo 2006
Shanghai, China
www.iaapaasianexpo.com

More than 3,000 professionals from attraction facilities from 40 countries will be looking for business partners at this expo for the amusement industry. For more information, contact Jennifer Harrington of the USFCS, tel.: (202) 482-0595; e-mail: jennifer.harrington@mail.doc.gov.

July 12-14

Automechanika 2006
Mexico City, Mexico
www.usa.messefrankfurt.com

Last year, this show, which focuses on the automotive aftermarket, had 16,788 verified attendees from 43 countries. For more information, contact Ernesto de Keratry of the USFCS in Monterrey, Mexico, tel.: +52(81)8343-4450; email: ernesto.dekeratry@mail.doc.gov.

July 13

Industry Organizations: Innovation Programs to Tackle China IPR Issues

This "Webinar" is another in an ongoing series sponsored by the ITA's China office on intellectual property rights (IPR). The online session begins at 3:30 p.m. Eastern time. For more information, or to register, send an e-mail to chinaipr@mail.doc.gov.

July 16-18

ISPO—Summer 2006
Munich, Germany
www.ispo.com

Some 1,200 exhibitors from 50 countries will be showing their products at this annual show of summer sportswear and sporting goods. For more information, contact Amanda Ayvaz of the USFCS, tel.: (202) 482-0338; e-mail: amanda.ayvaz@mail.doc.gov.

July 18

Intellectual Property in the Global Marketplace
Nashville, Tennessee

This meeting is a one-day conference on intellectual property basics for entrepreneurs, independent inventors, and small and medium-sized businesses. Deputy Under Secretary of Commerce for Intellectual Property Steve Pinkos is scheduled to deliver opening remarks. For more information, visit www.stopfakes.gov or www.uspto.gov.

July 17-23

Farnborough International Air Show 2006
Farnborough, United Kingdom
www.farnborough.com

The 45th Farnborough International Air Show will feature more than 1,300 exhibitors with an expected attendance of about 133,000 trade visitors. For more information, contact Deborah Semb of the USFCS, tel.: (202) 482-0677; e-mail: deborah.semb@mail.doc.gov.

July 20

Legal Aspects of Doing Business in Mexico

This conference is the 11th in a series of monthly Web conferences on business in Mexico. It begins at 12:00 noon Eastern time or 9:00 a.m. Pacific time. For information, contact Sylvia Montano of the USFCS in Mexico City, tel.: +52 (55) 5140-2633; e-mail: sylvia.montano@mail.doc.gov.

July 23-27

Clinical Laboratory Expo
Chicago, Illinois
www.aacc.org

Sponsored by the American Association for Clinical Chemistry, this meeting will feature more than 600 companies. International attendance is expected to be more than 20,000, with about 100 countries represented. For information, contact William Kutson of the USFCS, tel.: (202) 482-2839; e-mail: william.kutson@mail.doc.gov.

Here is a selected list of international trade events of interest, including ITA-sponsored events, as well as a selection of upcoming international trade fairs. A comprehensive listing of industry shows is maintained by the U.S. and Foreign Commercial Service (USFCS) at www.export.gov.

On The Horizon

August 10

The Import Administration will release final determinations of the antidumping duty and countervailing duty investigations on imports of certain lined paper products from Indonesia. For more information, contact Tim Truman, tel.: (202) 482-5435; e-mail: tim.truman@mail.doc.gov.

September 18 & 20

**U.S.–Canada Architectural/
Engineering Partnering Seminar
Toronto and Vancouver, Canada
Toronto and Vancouver, Canada
www.export.gov**

This seminar is an opportunity for architects to showcase and partner with Canadian firms in the green building and sustainable design market. For information, contact Rita Patlan of the USFCS, tel.: (416) 595-5412, ext. 223; e-mail: rita.patlan@mail.doc.gov.

The President's Export Council: A Vital Voice in Trade Policy

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During the current administration, the PEC has submitted 26 letters of recommendation. Those letters cover a broad spectrum of issues, including the following:

- Security, travel, and visas
- Trade negotiations and the World Trade Organization
- Unilateral sanctions and export controls
- Innovation and competitiveness
- U.S. trade and economic relationship with China

China has been the focus of much of the efforts of the council during its current tenure. In addition to submitting four letters of recommendation on China since 2003, council members participated in a fact-finding trip to Beijing and Shanghai, China, in June 2004.

The PEC uses letters of recommendation, along with discussions during its meetings, to convey its advice to the president. The PEC advises the president through the secretary of commerce. Under Secretary of Commerce for International Trade Franklin L. Lavin serves as the council's executive director. The International Trade Administration's Office of Advisory Committee serves as the executive secretariat for the council's activities.

J. Marc Chittum is the executive secretary and staff director of the President's Export Council.

For More Information

Information on the current activities of the PEC, including the full text of its recent letters of recommendation and transcripts of its meetings, can be found on the council's Web site at www.trade.gov/pec. The executive secretariat of the PEC can be contacted at tel. (202) 482-1124.



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For more information and news, visit ITA's Web site at www.trade.gov or contact the Office of Public Affairs, International Trade Administration, 1401 Constitution Avenue NW, Washington, DC 20230; tel. (202) 482-3809.

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