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July 1, 2009



## HAPPY BIRTHDAY, AMERICA!

**WE HOLD THESE TRUTHS TO BE SELF-EVIDENT, THAT ALL MEN ARE CREATED EQUAL, THAT THEY ARE ENDOWED BY THEIR CREATOR WITH CERTAIN UNALIENABLE RIGHTS, THAT AMONG THESE ARE LIFE, LIBERTY AND THE PURSUIT OF HAPPINESS.  
-THE DECLARATION OF INDEPENDENCE JULY 4, 1776**

*Thank you to all the men and women currently serving our country, as well as our veterans. We are grateful for all of your sacrifices...and our freedom.*

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## **Special Announcements**

### **1. SENATOR TESTER'S SMALL BUSINESS OPPORTUNITY WORKSHOP NOW ONLINE**

*Senator launches resources website, video for Montana contractors*

(WASHINGTON, D.C.) – Senator Jon Tester today launched a new website to help Montana contractors and businesses interested in competing for projects funded by the *American Recovery and Reinvestment Act*.

Tester hosted a Small Business Opportunity Workshop for Montana businesses in Great Falls last Saturday.

Tester invited representatives from the U.S. General Services Administration (GSA), U.S. Customs and Border Protection (CBP), the U.S. Army Corps of Engineers, the Air Force and the U.S. Forest Service to explain how Montanans can find work on Recovery Act projects.

An hour-long video of Tester's workshop, including the agencies' presentations and highlights of questions and answers with participants, is now available online at:

<http://tester.senate.gov/workshop>

Saturday's workshop drew a standing room-only crowd at the Great Falls Civic Center. Following the presentations, Montanans had opportunities to speak with federal agencies one-on-one.

“Sen. Tester's workshop provided contractors with timely, valuable information on contracting with federal agencies,” said Cary Hegreberg, executive director of the Montana Contractors' Association. “We especially appreciate his interest and assistance in opening more opportunities for Montana companies to compete for upcoming construction projects. While we are working with Sen. Tester to create a better system that allows Montana's general contractors to compete for federal projects, subcontractors will have a lot of opportunity to pick up work on these federal construction projects.”

Tester's new website also features downloadable presentations from GSA, CBP and the Army Corps of Engineers. And it includes contact information for statewide agencies that can help Montanans compete for contracts.

“Montana businesses now have access to good resources thanks to Jon's workshop and this new website,” said Webb Brown, President of the Montana Chamber of Commerce. “There's a lot of opportunities out there thanks to the Recovery Act. Now I encourage businesses and contractors to follow through, be prepared and do their homework so they can compete, win and go to work.”

The Recovery Act is investing more than \$1 billion in Montana infrastructure projects such as roads, water systems, and ports of entry.

During Saturday's hearing, the [CBP announced](#) that Montana firms have an opportunity to compete for a prime contract for work on the Port of Del Bonita. Prime contractors in charge of rebuilding or renovating four other ports of entry along Montana's northern border are encouraged to use Montana businesses for up to 70 percent of the subcontracting work.

[Senator Tester's efforts](#) to include more local small businesses in Recovery Act projects prompted the GSA and CBP last week to change their contracting practices to put an emphasis on hiring local subcontractors.

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## 2. **SBA ANNOUNCES THE AARA 504 LOAN PROGRAM DEBT REFINANCING (MONTANA COMMUNITY FINANCE CORPORATION)**

Good morning! Hope this finds you well.

SBA announced the ARRA 504 loan program debt refinancing interim final rule has gone into effect as of June 23, 2009.

This new debt refinancing authority will allow expanding small businesses to restructure qualified existing debt as part of new 504 loans. This will enable small business owners to free up critical capital to expand their businesses and create jobs.

There is a list of conditions that a project must meet to be eligible for debt refinancing, but the two key issues are:

1. The project must include expansion - the amount to be refinanced must be no more than 50% of the total project cost. For example, if a borrower owes \$500,000 on his/her existing property and wants to borrow an additional \$500,000 for remodel/expansion, this would be an eligible situation.
2. The proceeds of the debt to be refinanced were used to acquire land, building, equipment - no working capital or any other purpose not eligible for SBA financing will qualify.

SBA will be issuing their policy notice 5000-1108 soon that goes into details on this opportunity. They have done a great job of open communication on this important Act to help America's small businesses: <http://www.sba.gov/recovery/>. check it out!

If you have any questions on how the 504 program may benefit your customer, or you know someone who may benefit, please feel free to contact us.

Thank you for helping Montana's small businesses!

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"Serving Montana's small businesses since 1984"

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## **Members and Affiliates in the News**

### **1. AFFILIATES IN THE NEWS: BEAR BUILDS ECONOMY ONE BUSINESS AT A TIME (BIG SKY BUSINESS JOURNAL)**

WRITTEN BY EVELYN PYBURN

As the Big Sky Economic Development Authority (BSEDA) evaluated its assets, resources and goals this year – even with a tight budget – the one program that emerged unquestionably as one to expand and to fund to an even higher degree was the BEAR.

Demand for the services of the Business Expansion and Retention program has increased significantly over the past couple of years, to such a degree that Linda Beck, with the assistance of a half-time staffer, just couldn't keep up. A month ago, Brian Edwards was hired to expand the staff to two. All the rest of the program's needs are addressed by volunteers, which is what makes it so unique.

Many other communities throughout the country have programs similar to BEAR – aimed at helping small fledgling businesses to grow and to remain in the community – but the programs are run by hired staffs much larger than BEAR. How BEAR does it with volunteers has other communities scratching their heads. In fact, Beck, who has nurtured BEAR since its inception in 2002, is occasionally asked to speak to groups in other states who want to know how they have done it.

With limited resources, BSEDA had no choice but to develop their business retention program using volunteers. Enticing a team of some twenty volunteers, over the past seven years, BEAR has helped over 400 businesses and its format is being emulated with general success by other communities throughout Montana.

The amazing thing is that the core group of volunteers have stuck with it. "What have you done to engender such commitment?" is what others want to know.

"I wish I knew," said Beck, "I'd bottle it." She points out that while all of BEAR team members have a compelling business reason to be involved, "most of them just want to help."

“Slow growth,” is the answer given by Bruce McIntyre of the Billings Area Chamber of Commerce, who is one of those volunteers. “We have taken little steps, so everyone is learning as they go.” There is a sense of ownership and buy-in to the program which, as a result, runs deeper than most volunteer efforts.

The relationship between BEAR and their clients is a mutually beneficial one. The BEAR team learns just as much from their clients as they hope their clients will learn from them, and the resource people – also usually volunteers – who are sent their way. “We are always listening to what we are being told,” said Beck.

And what they were being told most often was that the biggest struggle of small businesses in Montana was the need to train staff. Small businesses just don’t have the resources to do the kind of training that they most often need to grow and to keep up with technology and market changes.

Armed with that knowledge BEAR people – most especially Bruce McIntyre – went to the state legislature in quest of a workers’ training program. They succeeded in getting support for a pilot program two years ago, the experience from which they used to tailor SB 388, the Incumbent Workers’ Training Program. This year, the state legislature approved the program with \$400,000 to help small businesses train their workers over the next two years.

The workers training program was not designed to grow the businesses, but “to grow the worker,” said Beck. “The idea is if the worker grows the business will grow.” It’s not meant to be an entitlement. They [the state legislature] expect to see the “companies returning something back,” said Beck, which means they want to see wages increasing as production increases for the companies.

An example of the kind of training to which a business might avail themselves to improve production, is that of Alpine Plumbing who had their plumbers take sensitivity training to provide better service to their customers. It has proven to be hugely successful. More commonly businesses need training to do their bookkeeping or to set up a website.

Since having developed a resource to address small businesses’ number one problem, interest in BEAR has mushroomed. With the ability to supplement the cost of training up to \$2000 per worker, and given the requirement that applicants must go through the consultation process with BEAR, hardly a week passes now without a new client signing up.

While getting assistance for training or seeking financing are specific reasons a business may contact BEAR, in general explaining to business owners why they should become a BEAR client is not easy, said Beck, “The program is not just for businesses with terrible problems.” Her best strategy, so far, is to compare it to getting a physical check-up, or liken it to getting your car tuned up. It’s a chance to find out what can be done to improve your business.

There's no obligation and almost anyone is eligible. Small businesses, those with fewer than twenty employees, are the most common candidates, said McIntyre, because businesses larger than that "don't need us." Quite often, the larger businesses have the expertise they need on staff.

BEAR's assistance comes as the result of an all-important, up-front consultation with one or two BEAR participants. More often than not, now, that will include Brian Edwards, who was hired in part because of his background in business and an ability to communicate with clients. That initial assessment involves getting answers to 135 questions and takes about two hours.

The first question Edwards says that he asks is actually listed as the last question on the evaluation sheets, and that is "What are your expectations of this effort?" The question is repeated again at the end of the process, and sometimes it results in a different answer. "Sometimes what they think is the problem is a symptom of another problem," said Edwards.

All that they learn in that first consultation is then taken to "the assessment team," which meets once a week. Representing a broad range of expertise, backgrounds and experience the members of the team take up the challenge of solving the needs of that particular business. They banter about the information that has been gathered, perhaps asking questions that require additional fact-finding. They kick around ideas, making suggestions and identifying other resources which may be of benefit. Most of the time, they recommend other organizations or individuals who may be able to help. Most of the team's value is in knowing where to go to get the information or support services that are needed.

It's up to the business owner whether to act upon the recommendations. Quite often, though, the help comes from professionals who normally charge for their services but offer it pro-bono as a civic service through BEAR—an incredibly valuable offer.

Perhaps the company needs financing in which case they are put in touch with representatives of the US Small Business Administration, such as John Clayman, or with BSEDA's own loan officer, Brandon Berger. If it is training assistance they need they can be directed not only to the new Incumbent Workers Training Program, but also another program through the Department of Commerce for new workers. If it's a manufacturing concern they may need the assistance of Dale Dietrich with the Montana Manufacturing Extension Center (MMEC).

Many businesses are started by people who are very knowledgeable about how to do some specific thing, but don't know anything about running a business, said McIntyre. "We may find that they have no idea as to what their costs are and what they should be charging, and they don't know how to figure it out."

Sometimes what they need is help in focusing and organizing their business, or perhaps they need more specific information about exporting or acquiring government contracts. Perhaps its accounting, legal or

marketing assistance that is of critical importance. The BEAR team members know which sources best meet their needs and can give them direction.

Sometimes – though it’s rare – what is needed is to help the business develop an exit strategy. Sometimes the disarray was such that they couldn’t see the handwriting on the wall.

Referrals work the other way around, too. Quite often the other agencies in working with their company clients recognize that they have broader needs, and they recommend that they contact BEAR. “BEAR is easy to sign on to,” said Dale Dietrich, who as a field engineer for MMEC commonly works with manufacturing businesses throughout eastern Montana. The BEAR program follows closely the same model as MMEC, it just has a broader application, said Dietrich, who also serves as one of BEAR’s assessment team members.

While all of the information that is shared with the BEAR team is confidential, the data is fed into a data base which is compiled with all the data they have received from other businesses. It is here that the BEAR–client relationship becomes mutually beneficial, in their contribution to the database. From the aggregate of all that data, all kinds of valuable information can be gleaned about what is happening with small businesses in general. What are the trends? The attitudes? The needs? The results? Comparisons can be made with what is happening in other parts of the state, or other parts of the nation, since it is part of a larger database compiled as part of the Executive Pulse System, of which BEAR is a subscriber. In fact, getting the State to pay the expensive subscription costs for the entire state was a big step in helping other communities to develop their own BEAR programs. As difficult as it may be for a city the size of Billings to muster resources, it is even more difficult for smaller communities, whose small businesses are perhaps in even greater need of help and with less access.

With that centralized service in place, BEAR programs have emerged in communities like Eureka, Livingston, Lewistown, Kalispell, Butte, etc. Yellowstone County’s BEAR assessment team also assists Sweet Grass, Stillwater, Carbon and Big Horn Counties.

One of the most frustrating things, said Beck, is that after they have done all that – after all the resource people have contacted the business and helped them out, the business owner may not connect those results with BEAR. When asked what BEAR did for them, they will say “nothing.”

It’s not so much that BEAR wants the credit. What Linda Beck wants is referrals. She wants business owners to spread the word to other business owners who need help. If they don’t recognize how it all works, the word isn’t going to travel far.

Of all the government programs that are developed to help businesses, their main failing is in communicating their availability to the business owners, said Beck. The beauty of BEAR is that here “all you have to do is raise your arm and ask.” “We know what’s out there,” said Beck.

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## 2. **AFFILIATE: MONTANA WEST ECONOMIC DEVELOPMENT - BRINGING TECHNOLOGY TO THE FLATHEAD, ONE ENTREPRENEUR AT A TIME (FLATHEAD BEACON)**

By Myers Reece , 06-24-09

There's technology rising up in these woods. With the global connection powers of the Internet, entrepreneurs such as Web development gurus are discovering that close proximity to a metropolitan center is no longer a prerequisite to run their businesses. They can set up shop in paradise without missing a beat.

It helps that the Flathead Valley has a quality infrastructure system, including a DSL circuit that is both extensive and modern. This serves as a welcoming sign for techies who are considering the Montana lifestyle. Lyle Phillips, president and chief executive officer for Montana West Economic Development, describes it this way: "For being in the sticks, we really do have good access to those needed utilities."

Montana West Economic Development, located in downtown Kalispell, recruits out-of-town companies to the Flathead Valley, generally focusing on progressive industries and high-paying jobs. Much of the organization's emphasis is on technology, Phillips said. Tech companies often bring in skilled people who stimulate significant dollars for the local economy.

One of his organization's biggest recruiting tools, Phillips said, is the appeal of the Flathead lifestyle. Tech companies such as Avail Media in Kalispell and the Zane Ray Group in Whitefish can run their businesses surrounded by Flathead's beauty, as opposed to towering skyscrapers. The owners and chief operators of such companies often say they're here because they want to be here – they get to live in the Flathead Valley.

As the region's manufacturing base continues to wane, local economic development leaders are increasingly turning their attention to technology. Though he couldn't discuss the details, Phillips said his organization is on the verge of bringing a tech company to the valley that will provide up to 30 jobs, some with salaries in the "six figures."

"One of our tactics is that we know CEOs and owners and principals come here to recreate or have second homes here," Phillips said, "and what we're saying is that if your business was here you would already be home. We do capitalize on that."

Keith Brown knows what Phillips is talking about. An avid outdoorsman, Brown moved his family and business to the Flathead after years in the tech industry in cities such as Seattle. His resume includes helping to start Orbit Travel, which laid the groundwork for Orbitz, and serving as vice president of information technology for Starbucks.

He was most recently CEO of Merlin Information Services, a database that helps people find people. Law enforcement agencies are major clients. Merlin serves over 5,000 customers, both in and out of the valley, and currently has more than 50 employees.

Brown said the valley lacks a high-density population of skilled members of the technology community, but he believes in the adage: If you build it, they will come. If a technology company starts up in the valley, Brown said, it usually is able to bring in the expertise it desires. With good wages, the valley isn't a

tough sell.

“Let’s put it this way: I’ve never had any problem recruiting technology people here,” Brown said.

Ever the innovative thinker, Brown has conjured up an idea that he believes will help draw attention to Montana as a destination to settle down and make a living, not just vacation or retire. Beginning on July 2, In Country Television will air an outdoors show hosted and produced by Brown called “Montana: My Backyard.”

On its surface, the show is a fun opportunity for Brown to do what he loves – fish, hunt and explore the countryside – for an audience. But he also envisions the series serving a more business-minded purpose. Part of his focus is to appeal to out-of-state professionals who can watch his adventures and get enticed to live a similar lifestyle. It’s possible, he believes the show will help prove, to be both an entrepreneur and a full-time Montanan enjoying the offerings of Big Sky country.

There are shows that have similar conceptual foundations, but Brown isn’t aware of any that have such a singularly minded emphasis on a specific region. In Country Television is channel 230 on DISH Network and <http://www.ictvnow.com> on the Web.

“I don’t see anybody out there focused specifically on a state,” Brown said.

Several of the valley’s largest employers are in the technology field, including Semitool and the outsourcing company TeleTech. Before TeleTech arrived in the valley, a major technology employer called Stream International occupied the same space. Phillips said Montana West Economic Development was instrumental in bringing Stream to Kalispell.

Centurytel, which is largely responsible for setting up the region’s modern DSL infrastructure, is also a significant employer. Then there are other smaller technology companies that don’t offer a high number of jobs but do offer a handful of high-paying, quality positions.

The list is continually growing, with the likes of SnowDog Development and the Zane Ray Group in Whitefish and a few major companies in Kalispell, such as Avail Media, Nomad Technologies, Cradlepoint and Torrent Technologies. Local Internet providers such as Mountain Max and MontanaSky.net have found their niche alongside Centurytel and Bresnan. There is also a well-received technology roundtable series hosted every other month by the city of Kalispell.

Echoing the sentiments of Brown and Phillips, Mike Kazmier of Avail Media said he doesn’t generally have trouble recruiting skilled employees, though he said in previous years the housing boom raised the cost of living here enough to create a slight deterrent.

Also, there is a double-edged sword with recruiting technology experts to the valley. On one hand, there isn’t usually another tech company in town doing the same exact business as another one, so employers don’t have to worry about employees bolting to the competitor across the street. But on the other hand, Kazmier said, potential employees occasionally feel they’re taking a risk by joining an upstart company when there aren’t any backup options available within the region.

But for Kazmier, Avail’s chief technology officer, these are details he no longer has to worry about. His company is established and growing. And recently, through a merger, Avail became what he believes is the largest independent television content distributor in the world. Avail’s headquarters are in Reston, Va., and the engineering branch is in Kalispell.

“I really put my foot down on the fact that Kalispell is a great place to be it’s easy to recruit people here – they’re not easily distracted (by competition) and they like it here,” Kazmier said.

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## **Trade Missions**

### **1. US COMMERCIAL SERVICE EXECUTIVE TRADE MISSION TO LIBYA AND ALGERIA NOVEMBER 4-8 (APPLICATION DEADLINE AUGUST 1)**

**Venues:** Tripoli, Libya and Algiers, Algeria

**Date:** Nov. 4–8, 2009

**Learn more/register:** [northafricamission@mail.doc.gov](mailto:northafricamission@mail.doc.gov)

Libya and Algeria are buying U.S. products and services at historically high rates and are among the world's most promising markets for U.S. suppliers due to their fast-growing, increasingly market-driven economies, oil-based capital reserves and sweeping infrastructure development opportunities. The Department of Commerce’s executive-led trade mission will help U.S. companies make valuable connections in these two markets, where business deals are made on the strength of personal contacts. Participants will benefit from one-on-one business matchmaking appointments with prospective agents, distributors, and end-users; meetings with government officials; updates on major projects; Embassy briefings on doing business in the region; and networking events. For more information, contact our project officer at [northafricamission@mail.doc.gov](mailto:northafricamission@mail.doc.gov). The deadline is August 1, 2009.

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### **2. REPCAN 2009 BUSINESS MATCHMAKING EVENT: TORONTO, MONTREAL AND VANCOUVER (US COMMERCIAL SERVICE)**

**Toronto, Ontario:** September 29, 2009

**Montreal, Quebec:** October 1, 2009

**Vancouver, British Columbia:** October 6, 2009

RepCAN 2009 will provide U.S. small-to-medium sized, export-ready companies (SMEs) in all industry sectors, an efficient, cost-effective opportunity to enter the Canadian market and establish profitable commercial relations with prospective agents, distributors, end-users and joint venture partners. This multi-sector matchmaker/exhibit has three stops - Toronto, Ontario on September 29, Montreal, Quebec on October 1, and Vancouver, British Columbia on October 6. U.S. Companies may participate in one, two, or all three portions of RepCAN 2009 and will have an opportunity to gain practical international business experience in an environment that offers the potential for high returns with minimal risk while working with the U.S. Commercial Service in Canada.

Our U.S. Commercial Service Specialists will schedule a day of one-on-one appointments in each city, based on participant's goals and objectives. We will also host briefings on "Doing Business in Canada" and provide U.S. participants with networking opportunities, assistance with logistics and customs, special hotel rates, and much more.

Don't miss this opportunity to participate in this 3 stop event - RepCan 2009 - your gateway to Canada's largest and most receptive export markets in the world! RepCan is a multi-sector matchmaker event open to all industry sectors. Products/Services must be 51% U.S. content by value to be eligible.

**Participation Fees:**

Small Company (<500 employees): US\$1,500

Large Company (>500 employees): US\$3,000

**Regional Market Profiles:**

▣ [RepCAN Toronto 2009<sup>2</sup>](#)

▣ [RepCAN Montreal 2009<sup>3</sup>](#)

▣ [RepCAN Vancouver 2009<sup>4</sup>](#)

**For more information please contact:**

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***REGISTRATION IS LIMITED - DEADLINE IS JULY 31, 2009***

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**Montana: Seminars, Conferences, and Workshops**

**1. WHERE IN THE WORLD IS ALL THE STIMULUS MONEY? HOW YOUR BUSINESS CAN FIND GOVERNMENT CONTRACTS FOR BID**

There has been a lot of information about the American Recovery and Reinvestment Act, but it might be hard to know where to go for bids...or even if you even qualify. Please join Sharon Dailey, Manager of the Missoula Procurement Technical Assistance Center, on July 15<sup>th</sup> for an interactive workshop on how to take advantage of opportunities available to your business!

**PROGRAM OVERVIEW**

**Program:** American Recovery and Reinvestment Act: How Your Business Can Find Government Contracts for Bid

**Date:** July 15, 2009

**Time:** 11:45m-1:00pm

**Venue:** MonTech Building Conference Room  
1121 East Broadway, Missoula, MT

**Cost\*:** **\$15 for MWTC Members**  
**\$25 for non-members**

\*includes lunch

**Deadline:** July 13. Please contact the Montana World Trade Center at 406.243.6982 or email [mwtc@mwtc.org](mailto:mwtc@mwtc.org)

Specialist: **Sharon Dailey, Missoula Area PTAC Manager**

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## **National and International: Seminars, Conferences, and Workshops**

### **1. WATER POWER CONFERENCE JULY 27-30 (SPOKANE)**

[www.waterpowerconference.com](http://www.waterpowerconference.com).

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### **2. DEFENSE SYSTEMS & EQUIPMENT INTERNATIONAL (DSEI) SEPTEMBER 9-11, 2009 (LONDON): AIRCRAFT/AIRCRAFT PARTS, APPAREL, AVIATION SERVICES, DEFENSE INDUSTRY EQUIPMENT, ELECTRONIC COMPONENTS, MEDICAL EQUIPMENT, PORT/SHIPBUILDING EQUIPMENT, SECURITY/SAFETY EQUIPMENT, TELECOMMUNICATIONS EQUIPMENT**

**Location/Date:** London, United Kingdom 09/08/2009 - 09/11/2009

#### Event Summary:

Participation in Defense Systems & Equipment International 2009 (DSEi 2009) is essential for every company -- and everyone -- in the defense, security and military aerospace community. DSEi 2009, held September 8-11, 2009, in London, England, is the world's largest fully integrated defense and security exhibitions, covering land, naval and air systems. DSEI 2009 will bring together senior international trade and military experts from across the entire supply chain in an optimal business environment, providing face-to-face opportunities to share ideas, discuss industry developments, conduct business, and network for future growth. In 2007, DSEi featured over 1,350 exhibitors, with over 26,000 trade visitors and official buyer delegations from 50 countries. The U.S. Pavilion, organized by AUSA and certified by the Department of Commerce, showcased 85 U.S. companies. DSEi is expected to be even larger in 2009. Exhibitors in DSEi 2009 can expect: ? Unbiased top level international delegations ? International senior visitors and military influencers ? UK ministers and senior staff involved in UK defense procurement ? Defense industry primes ? International defense press ? Pre-qualified defense trade visitors Participation in DSEi 2009 will be an excellent opportunity for U.S. companies seeking to win international defense businesses.

#### **Contacts:**

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### 3. MINERS WELCOME IN LATIN AMERICA .....EXTEMIN 2009 (SEPTEMBER 14-18) MINING EXHIBITION IN PERU (TRADEALERT)

**If your member is unable to travel to** Arequipa, Peru over September 14-18, 2009 to attend Latin America's most comprehensive mining exhibition, the U.S. Department of Commerce's Trade Specialists will market their product for them. The Commercial Service will gather and qualify sales leads and assist in follow-ups, all while keeping your member's objectives, selling points, and concept for acquiring an ideal business partner in mind.

**Learn more/register:** <http://www.buyusa.gov/peru/en/106.html> or contact [Isabel.Velez@mail.doc.gov](mailto:Isabel.Velez@mail.doc.gov).

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### 4. REPCAN 2009 (SEPTEMBER 30-OCTOBER 6)

**Venue:** Toronto, Montreal, Vancouver

**Date:** September 30-October 6, 2009

**Learn more/register:** <http://www.buyusa.gov/canada/en/repcan2009.html>

Canada represents the number one export market for large and small U.S. firms from virtually every state. If you are ready to start exporting, or simply want to grow your export sales in Canada, RepCAN 2009 will provide U.S. companies in all industry sectors, an efficient, cost-effective opportunity to enter Canadian markets and establish profitable commercial relations with prospective agents, distributors, end-users and joint venture partners in "Canada First". This multi-sector business matchmaking/exhibit has three stops - Toronto, Ontario, September 28-29, Montreal, Quebec, September 30 - October 1 and Vancouver, British Columbia October 5-6, 2009. To ensure the highest level of support and success, participating U.S. companies are limited to qualified U.S. exporters and will be awarded on a first-come, first-served basis, with registrations closing on July 31, 2009. For more information, contact

[Madellon.Lopes@mail.doc.gov](mailto:Madellon.Lopes@mail.doc.gov)

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## **5. CITI SMART CONFERENCE: ARABIA AND THE AMERICAS - SEPTEMBER 25-27 (PANAMA CITY)**

In the name of the Directors of CITI SMART Arabia & the Americas event, we are honored to invite you to participate in the upcoming CITI SMART.

This event will take place in beautiful and dynamic Panama City, Republic of Panama, from September 25<sup>th</sup> to the 27<sup>th</sup>, 2009 at the ATLAPA Convention Center.

The City of Panama is hosting a novel opportunity for selected invitees of Arab and Latin American business associations and organizations, to benefit from the superb networking and business opportunities.

The Real Estate crisis has shaken the global financial system. Therefore, many regions from around the world, as well as businesses and financial institutions are facing an uncertain future. The uniqueness of this event is that it will bring together, and for the first time top-level business executives, leaders and investors of prominent private and public sector organizations, and key decision & policy makers from the continent of South America, the Caribbean, and well as the USA, to meet with their counterparts from the Arab world.

CITI SMART Panama will receive over 1,000 business and financial leaders, developers & investors from gateway cities of the Americas and the Arab world, as well as municipalities and government organizations from gateway cities, such as Miami, Houston, Las Vegas, Dubai, Abu Dhabi, Bahrain, Kuwait, Doha; and countries such as Saudi Arabia, Egypt, Lebanon, Morocco, Tunisia, Panamá, Colombia, Brazil, Mexico, Chile, Argentina, Ecuador, Peru, Venezuela, the Caribbean islands and others. These gateway cities and businesses will come together to assess all recent and future developments and projects, and to capitalize on Golden Opportunities.

The AGENDA of the Conference will focus on the following:

1. New governmental financial incentive programs during and after the crisis.
2. The impact of lower Real Estate prices on spending by government and the private sector.
3. Banks, Government, Financial institutions, Property tape, and Incentive investment programs.
4. A window of opportunities in the Real Estate market now exists.
5. New fundamentals for Arab, Latin American and USA Real Estate markets.
6. Golden investment opportunities have been generated due to this crisis.

For more information we invite you to visit our website [www.citismatrtexpo.com](http://www.citismatrtexpo.com) where you will get more information on the event. We are confident that you and your organization members, will be able to leverage all the benefits and advantages of this event. We are attaching the application form to the event.

Please know that my office is at your complete disposal for anything you might need. Feel free to contact me via my email [jfabrega@citismartexpo.com](mailto:jfabrega@citismartexpo.com) for any questions that you or your organization members might have about the event.

We look forward to greeting you in the city of Panama

Best regards,

Julio J. Fabrega  
Vicepresident Latin America  
CITI SMART EXPO

[jfabrega@citismartexpo.com](mailto:jfabrega@citismartexpo.com)

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## **6. SPIFF (OCTOBER 6-9): RUSSIA'S LARGEST EVENT FOR FORESTRY AND WOOD-RELATED INDUSTRIES (TRADEALERT)**

CS St. Petersburg invites companies involved in all aspects of the Forestry and Wood Products Industries to participate in the 11<sup>th</sup> St. Petersburg International Forestry Forum (SPIFF) and related Exhibitions October 6-9, 2009. Last year's event attracted forestry sector representatives from 68 Russian regions and 37 countries. Exhibitions include: TEKHNODREV – Technologies, Equipment and Tools for the Woodworking and Furniture Industries, TRANSLES – Forestry Harvesting, Transportation and Storage Technologies and Equipment and WOODEN CONSTRUCTION – Equipment for processing timber into wooden construction products. For more information, including Gold Key Service, contact Commercial Specialist Misha Minkevitch ([misha.minkevitch@mail.doc.gov](mailto:misha.minkevitch@mail.doc.gov)) and visit the websites of the SPIFF <http://www.spiff.ru/index.en.html> and International Forestry Exhibitions <http://www.restec.ru/exhibitions/featured/lpkexpo/index.en.html>.

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## **7. GOLDEN AUTUMN'S GOLD KEY IN RUSSIA (OCTOBER 9-12)...IT'S AGRICULTURE AT ITS BEST (TRADEALERT)**

Use the commercial Service's Gold Key Service to locate customers during Golden Autumn. The Commercial Service Russia invites you to take part in Golden Autumn, the largest agricultural exhibition held in Russia, CIS and the Baltic States, to be held in Moscow October 9-12, 2009. Golden Autumn is the leading agricultural forum for Russia's agribusiness sector, and is the premiere event during the Russian Federation's "Russian Agricultural Week" program. Golden Autumn is the place to promote agricultural equipment, agricultural chemistry, seeds, breeding animals, veterinary products and services for the agribusiness sector. A wide range of Russian and foreign food products are also exhibited. [http://www.goldenautumn.ru/en/text\\_items/show/24](http://www.goldenautumn.ru/en/text_items/show/24)

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## **Webinars and Online Training**

### **1. WEBINAR JULY 7 (FREE): LEARN HOW TO TAKE ADVANTAGE OF MANUFACTURING BUSINESS OPPORTUNITIES IN NORTHWESTERN MEXICO (US Commercial Service)**

Date: Tuesday, July 7, 2009

Time: 2:00 p.m. – 3:00 p.m. EST (12-1 MST)

Price: FREE

Learn how to take advantage of manufacturing business opportunities in Northwestern Mexico.

This webinar is targeted at businesses who are interested in exporting and selling to the manufacturing industry in northwest Mexico by outlining immediate sales opportunities and providing detailed follow-up strategies as to how your U.S. firm can secure orders and grow your business. If you are a supplier to the aerospace, automotive, electronics, machine tooling and medical industries, register now to find qualified buyers and make sales.

Please [click here](#)<sup>5</sup> and register now.

For further information and questions please contact [Ricardo Calderon](#)<sup>6</sup> or [Monica Rosas](#)<sup>7</sup>

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## 2. WEBINAR JULY 8: IC-DISC: THE LAST TAX BREAK FOR EXPORTERS (US Commercial Service)

**Venue:** Your Computer

**Date:** July 8, 2009

**Time:** 11:00 am EDT/8:00 am PDT

**Cost:** \$40

**Learn more/register:**<http://www.buyusa.gov/kentucky/icdisc.html>

The Interest Charge - Domestic International Sales Corporation (IC-DISC) is a little-known tax break, available to U.S. exporters for more than 35 years that can make your international profits more lucrative. During this one-hour webinar, organized by the U.S. Commercial Service in partnership with Chilton and Medley, you will learn the accounting basis of the IC-DISC in lay terms, identify which export activities, property and assets qualify, and quantify your company's savings opportunities. For more information, contact [Sara.Moreno@mail.doc.gov](mailto:Sara.Moreno@mail.doc.gov) or 859-225-7001.

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## 3. WEBINAR JULY 15: HOW TO PROTECT YOUR BUSINESS INTERESTS AND EMPLOYEES ABRoad (US Commercial Service)

**Venue:** Your Computer

**Date:** July 15, 2009

**Cost:** Free

**Learn more/register:**<http://www.buyusa.gov/colorado/osac.html>

This Free webinar will provide critical information to protect you, your products and your firm when

dealing with overseas markets. Presented by security experts from the Overseas Security Advisory Council (OSAC) of the U.S. Department of State, Christopher J. Medeiros, Senior Coordinator for Western Hemisphere, East Asia and Major Events, and Brent Heminger, Regional Coordinator for GCC, Iraq, and Iran, this webinar will focus on the role of OSAC and how they provide U.S. businesses with continually updated information on global security threats. For additional information contact: [Suzette.Nickle@mail.doc.gov](mailto:Suzette.Nickle@mail.doc.gov)

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#### **4. WEBINAR JULY 30: BENEFITS OF LEVERAGING INBOUND WAREHOUSES AND TRADE COMPANIES (COMERCIALIZADORAS) WHEN SELLING TO MEXICO (US Commercial Service)**

Date: Thursday, July 30th, 2009

Time: 1:00 p.m. – 2:30 p.m. CST **(12-1:30pm MST)**

Price: \$40.00

Find out how to save your company time and improve your market penetration when exporting to Mexico by learning how to leverage inbound warehouses and trade companies. Learn how to increase and facilitate your market entry, to defer import taxes, and to enhance your supply chain management in country.

This webinar is targeted at clients who have never exported before or who have exported before, but for whom Mexico is a new export market. The purpose of this webinar is to discuss how to leverage inbound warehouses and comercializadores to increase and facilitate your market penetration and to enhance your supply chain management.

Please [click here](#)<sup>8</sup> for more information and [register here](#)<sup>9</sup> to register.

For further information and questions please contact [Manuel Velazquez](#)<sup>3</sup> or [Laura Gimenez](#)<sup>4</sup>.

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#### **5. WEBINAR JULY 29: MEDICAL PRODUCT AND SERVICE OPPORTUNITIES IN INDIA (US COMMERCIAL SERVICE)**

Learn how your company can benefit from the rapid growth and development of the healthcare sector in India! The U.S. Commercial Service-India is offering first hand information from their healthcare specialists and speakers in the private sector on the manufacturing and service sectors of the medical industry. Through this webinar you will learn where the opportunities are, how to take advantage of

them, and receive tips and guidance on how you can advance or begin your business in India's medical sector.

Topics will include:

- Overview of the Health care Industry
- Industry Growth trends
- Opportunities and challenges in this market
- How to enter the market
- There will also be an open Q&A session at the end of the presentation.

### **The Medical Market in India**

The Indian healthcare industry is experiencing a rapid transformation. The Healthcare industry is estimated at US \$35 billion industry and is expected to reach over US\$ 75 billion by 2012. According to the World Health Report, India spends about 5 percent of its Gross Domestic Product (GDP) on the healthcare sector. It is expected that this figure will rise to 6.1 percent of GDP by 2012. About 50 percent is spent on curative and primary care and another 40 percent on secondary care, including medical specialists in major hospitals with expensive diagnostic equipment. The remaining 10 percent of the market is left to preventive care such as health education, weight reduction plans, and like programs (Source:<http://www.buyusa.gov/india/en/ccg2008.html>). With both government and the private contributing to rapid growth in the industry and a growing population of over 1 billion, the demand for infrastructure and high quality service is great.

When: **Wednesday, July 29 2009, 9am MST, 8:30pm New Delhi (Duration 1 Hour)**

Cost: \$35

Where: At your desk!

**Registration:** <https://emenuapps.ita.doc.gov/ePublic/newWebinarRegistration.jsp?>

For questions, please contact Jetta DeNend at [jetta.denend@mail.doc.gov](mailto:jetta.denend@mail.doc.gov) or at 212-809-2644.

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### **6. ONLINE: VIRTUAL ENERGY FORUM JUNE 24 & 25 OFFERS A FREE, TWO-DAY CLEAN ENERGY CONFERENCE (EERE)**

The world's largest online conference for renewable energy and energy-efficient practices in businesses is coming in late June, and to attend, all you need is a computer. The Virtual Energy Forum will be held for free on June 24 and 25 and will feature such speakers as Amory Lovins of the Rocky Mountain Institute, Fred Krupp of the Environmental Defense Fund, and Mark Ginsberg of DOE's Office of Energy Efficiency and Renewable Energy. The forum replicates a typical conference experience online, including keynote speeches, industry-specific presentations in five parallel tracks, "Meet the Expert" live video chats, and an emerging technology showcase. DOE will host a Global Green Cities track during the event. And if you tire of the presentations, you can also visit the virtual exhibit floor, which allows you to chat with the exhibitors, exchange contact information, and collect materials in a virtual briefcase. All the presentations will also be available on demand after the conference. See the [Virtual Energy Forum Web site](#).

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## **Grants, RFPs and Opportunities**

### **1. ATTENTION MONTANA BUSINESSES: MONTANA STATE UNIVERSITY MANAGEMENT CLASSES SEEK BUSINESSES FOR CONSULTATION (matr.net)**

Montana State University's College of Business is seeking local and regional businesses that would be willing to offer management students practical business experience during the upcoming spring semester in return for research, issue analysis or operational advice.

The students will be enrolled in "Management 463 - The Entrepreneurial Experience" or "Management 475 - Management Practicum". Both courses are senior-level courses taught by Gary Bishop, an adjunct instructor of management.

During the four-month course, students will help manage special consulting projects requested by area for-profit and non-profit businesses and organizations at no cost to the business/organization. Past projects have included developing business plans, marketing and financial plans, identifying ways to improve businesses, suggesting solutions to problems, re-branding businesses, market and competition analysis, sales analysis, feasibility studies, rebranding a business/organization and helping with human resources and customer service issues.

The MSU College of Business is taking applications from companies that may want to participate in either of these courses during the fall 2009 or spring 2010 semesters. The fall semester begins August 31st and ends December 18th. The spring 2010 semester begins January 13th and ends May 7th. All types of businesses and organizations are encouraged to apply. Participating businesses and organizations will need to send a representative to one of two, hour-long information sessions prior to the start of the semester. Sessions are set for 8:30-9:30 a.m. on Tuesday, July 28th and 1:30-2:30 p.m. on Thursday, July 30th both in Reid Hall, Room 452 on the MSU Bozeman Campus.

For more information, and to schedule attendance at one of the information sessions contact Bishop at 994-7017 or at [gbishop@montana.edu](mailto:gbishop@montana.edu).

<http://blog.montana.edu/cob/2009/06/...nsultation/>

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### **2. BUSINESS MATCHMAKING: SPEED-DATING FOR CONTRACTS WITH GOVERNMENT AGENCIES (money.cnn.com)**

*At networking events around the U.S., entrepreneurs can meet officials from government agencies and major corporations and learn how to bid on lucrative deals.*

SECAUCUS, N.J. (CNNMoney.com) -- At the sound of a bell's "ding!," the floor of a cavernous expo hall swirls with movement as entrepreneurs in power suits scurry to find their next assigned table. There, a small business procurement officer waits to hear their pitch. The next bell will be in 20 minutes -- a brief window of time, but long enough to potentially kick off a lucrative business relationship.

The government is [required to award 23% of its contracts](#) to small businesses, but getting a foot in the door and [navigating the federal bureaucracy](#) to actually land one of those business deals is a [daunting challenge](#). On Wednesday, hundreds of entrepreneurs in the New York area gathered at a business event intended to demystify the process.

"We say how important small business is, that it's the backbone of economy, but it's hard for them to gain access to buyers," said Hector Barreto, a former administrator of the Small Business Administration and an attendee at this week's gathering. "At the least, it's because of burdensome paperwork, but at the worst, it's humiliating because all the opportunities are in D.C. It's like looking for a needle in a haystack."

Even before Barreto arrived in Washington, he saw the difficulties business owners had in finding contracting opportunities, so he began organizing networking activities to introduce large corporations to small businesses. Once at the SBA, he expanded on the idea and brought government agencies into the mix.

Now, six years later, the nonprofit organization [Business Matchmaking](#) holds events around the country to educate small business owners and help them network with potential customers, speed-dating style. At this week's gathering in Secaucus, N.J., just outside of New York City, 270 small businesses met with nearly 90 buyers, split evenly between government agencies and the private sector.

"The idea is that we can put the business owner in front of someone interested in his product or service," explained Barreto. "At the end of the day, no one can guarantee a contract, but the buyers can inform the business how to try for it."

### **Making a match**

While the event is free, it's not a free-for-all. Participating small businesses have to meet eligibility requirements, including having a [DUNS number](#) and registering with [Central Contractor Registration](#), the government's primary vendor database. Event organizers pair small businesses with buyers based on the services offered and needed on each side of the table.

"We see a mix of businesses, both newbies and old veterans. When they sign up, they get prepped so they can take advantage of every minute of face time. They have no time to waste," said Denise Rodriguez-Lopez, former director of the Small and Disadvantaged Business Utilization Office at the U.S. Department of Transportation. "Sometimes we can see a perfect fit and then point them specifically in the right direction. But even if the match isn't good, we can suggest where to go at another agency."

Business Matchmaking is sponsored by SCORE and several major corporations, including American Airlines ([AMR, Fortune 500](#)), Microsoft ([MSFT, Fortune 500](#)), Hewlett-Packard ([HPQ, Fortune 500](#)) and American Express ([AXP, Fortune 500](#)). Organizers estimate that \$7 billion to \$8 billion in contracts have been procured over the past three years from connections made at the networking events, based on data from surveys filled out by past attendees.

Michael Nicholas, a repeat visitor who flew in from Denver to attend this week's event, has received a fair share over the years.

Nicholas' company, [NIMS Services](#), markets fuels and other mechanical fluids. He has acquired four major contracts from the likes of Lockheed Martin and the government's Defense Energy Support Center, which collectively bring in revenue of \$6 million a year.

"I launched the company seven years ago, but after two years in business, I started attending the matchmaking events. It was a pilot program at the time -- I had heard about it through the local Denver SBA office and decided to go because it was targeting minority-owned businesses," he recalls.

### **Talk back: Would you attend a business networking event?**

That was in 2004. Though he didn't leave with any contracts that first time, he took away information that helped him better prepare for the next event. "I learned, and am still learning, the do's and don'ts," Nicholas said. "I learned the language -- what to use and what to not use. I learned through the people I met -- they are straightforward and responsive to the 'how-to' questions."

Some of the buyers, new to the event, were learning as well. The National Oceanic and Atmospheric Administration attended because some of the agency's programs are switching from grant-based projects to contracts. "That transfer has us looking to work more with businesses, which are typically more familiar with the contract processes than academic institutions," said Sarah Abdelrahim, who is involved in a climate research program.

Looking down her day's agenda, Abdelrahim remarked, "I'm meeting 13 businesses today and they are more varied than I expected. But I see, for instance, an aluminum producer that can perhaps provide us with instrumentation to do research. And even if they can't serve my programs, it's a huge agency and I can direct them."

### **Finding opportunities**

That's all some entrepreneurs expected. "I don't have delusions that I'll leave here with a contract. But I can make direct contacts to follow up with who have tangible leads," said Diane Paparo, who runs [Diane Paparo Associates](#), a space planning and interior design firm in Manhattan.

Paparo started her company in the early '80s, focusing on large-scale space planning for corporations. But the CEOs started bringing her into their homes in the wealthy suburbs of New York, and her business model shifted more toward interior design. Unfortunately, that aspect of her business has been hit hardest by the recession, as clients reconsider the price they're willing to pay for luxury items.

"The size of projects now is smaller. People have realized they can live in 8,000 square feet rather than 15,000 square feet," she said. "As the clients are revisiting budgets for things like faucets, I had to downsize staff and move offices and cut expenses. So now I'm seeking government contracting to even out the business model."

That's a smart move -- while corporations cut back, many government agencies are investing in new initiatives.

"The economy is impacting everyone, but the government has to keep operating and has to do procurement -- and it pays on time!" said the Department of Transportation's Rodriguez-Lopez. "And

the federal government buys everything. They buy fighter jets, but also security guard services and janitorial services."

Business Matchmaking's next event will be held in San Francisco on July 14. The organization will also hold events in Chicago and Boston in the fall.

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### **3. RENEWABLE ENERGY FOR AMERICAN PROGRAM (REAP) – JULY 31 APPLICATION DEADLINE (Great Falls Development Authority's Resource Discovery)**

#### **[Renewable Energy for America Program \(REAP\) - July 31](#)**

USDA Rural Development is now accepting applications for grants and loan guarantees for renewable energy and energy efficiency systems, and also is including grant funding for feasibility studies this year for the first time. Agriculture producers and rural small

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### **4. GOOGLE SERVICE HELPS BUSINESSES WITH DATA MINING (CRM DAILY)**

By Nicole Norfleet

*The free company listings show up in search queries at the top of Google search results, often accompanied by a business address, contact information and sometimes reviews. They also appear in Google Maps. Companies can now monitor how often their business listings appear within Google results, how many times users click through to their sites.*

Popular Internet sites like Facebook and Amazon track use of their Web services to better target advertising.

Now local businesses, even those without Web sites, can monitor customers' online behavior, too.

This month, Google launched its online Local Business Center to help small businesses manage their Google search listings and track information about their customers.


The free company listings show up in relevant search queries at the top of Google search results, often accompanied by a business address, contact information and sometimes reviews. They also appear in Google Maps.

Companies can now monitor how often their business listings appear within Google results, how many times users click through to their Web sites and the most popular search words that lead users to their listings.

The free tool also lets local businesses see where customers are coming from by giving the ZIP codes of origin when people search for directions using Google Maps.

With people using Google to find out where to eat and who's the most reliable mechanic, companies could have a lot to gain with the new business tool.

"A lot of these companies that are going to be using the Local Business Center don't have Web sites," said John Zajac, a spokesman for the Better Business Bureau of West Florida. "It doesn't mean that they could not benefit from the exposure and from search engine optimization."

Not only will they be able to customize their listings and provide more information about their services businesses can also use search [data](#)  to attract new clientele.

"I don't think anybody uses the Yellow Pages anymore," said Charlie Urbizu, owner of Charlie's Scooter Depot in Tampa.

"Everyone is going to the Web, even the old guys like me. In fact, they delivered the Yellow Pages to the house, and I just threw them in the garbage."

Urbizu opened his store in 1983, and he got a business Web site developed three years ago. He said he would be interested in anything free that could get more traffic in the door.

Eileen O'Brien, owner and director of Suncoast Dance Academy in St. Petersburg, said she would also be open to trying the service.

"We ask when people come to our studio: How do they hear about us? So we would be interested in knowing about how they got to our site," she said.

For Jerilyn Stein, president of Memories in Chocolate Inc. in Largo, information about what people are searching for on the Internet would help her new chocolate shop.

She said a hot search item on the Web these days are brownie pops balls of brownies on a stick an item with which she can expand.

"It kind of helps you fine-tune where you might spend advertising money," she said. "If people are looking for that, maybe I need to expand that particular line of products."

For-profit businesses are not the only ones contemplating using the service.

The Calvary Chapel of St. Petersburg uses Google Custom Search on its Web site as well as Google Maps and Google Analytics, an online platform that lets developers monitor site statistics.

"I think for our particular market, as far as nonprofits especially for churches I think we are ahead of the game. Not just with Google, but in Web development in general," said media director Dustin Marr.

He said the church has received a large response from its YouTube and Facebook pages. Marr said his church will soon take advantage of Local Business Center.

"I think to stay alive in this Web-driven society it's absolutely essential to use every single tool we can get our hands on," Marr said. "Especially with Google, because they are the biggest Internet business out there."

Online behavioral advertising has raised some ethical questions.

At the recent Computers, Freedom and Privacy conference in Washington, D.C., Google, which collected more than \$5 billion in ad revenue in the first quarter of the year, faced criticism for allowing its advertisers to target Web surfers using search queries and personal e-mails.

Balaji Padmanabhan, an information systems professor at the University of South Florida in Tampa, said the definition of privacy differs for each company as well as each consumer.

"I think privacy is what a person thinks is just theirs and what shouldn't be shared with a third party," he said.

"That line differs for everybody. A while ago, people didn't know what exactly was being tracked, but now they know and they assume."

Businesses are going to feel heightened pressure to use consumer data, he said.

"I think many years back, people would give businesses the benefit of the doubt, but I think now with the younger generation people are assuming that businesses are tech-savvy and know these kind of things," Padmanabhan said.

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## 5. COMMUNITY-FRIENDLY GRANT OPPORTUNITIES (MSU Extension)

<http://extn.msu.montana.edu/CommRes/grantopps.asp>

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## **Stimulus Funding Opportunities: American Recovery and Reinvestment Act**

### 1. GOVERNOR BRIAN SCHWEITZER ANNOUNCES FUNDING AVAILABILITY FOR BIOMASS ENERGY FEASIBILITY STUDIES (MATR)

Governor Brian Schweitzer today announced the availability of \$475,000 in grants for biomass energy feasibility studies through the Montana Department of Commerce. The Montana Reinvestment Act (HB 645), passed by the 61st Montana Legislature, appropriated funds for the Montana Department of Commerce to fund biomass project feasibility studies and other expenditures related to biomass. The Montana Reinvestment Act implements the federal American Recovery and Reinvestment Act (ARRA) of 2009.

The department is providing grant funds to interested applicants for the preparation of biomass feasibility studies. The qualified applicant, if awarded a grant, will prepare a feasibility study focused on assessing the potential for the development of one or more, woody biomass generation plants in Montana.

The State of Montana is looking to the western part of the state as a potential location for private sector driven development of woody biomass energy generation plants. This will be a complement to ongoing projects that use alternative energy sources for power generation.

Montana Governor Brian Schweitzer, in cooperation with the Western Governors Association, recently gathered leaders and innovators on bioenergy in Missoula to help develop ideas and policy to promote this industry as part of the renewable energy mix. This workshop included presentations and breakout sessions for an important discussion on the future of bioenergy production. "Biomass is one more leg under the table of our energy future. We will continue to find ways to use this valuable resource as we manage forests near our towns and reduce the fire threat presented by red trees," said Governor Brian Schweitzer, who will take over as Chair of the Western Governors Association in June. "Better yet, we can help to ensure the viability of timber jobs in an industry that is very important to both western Montana communities and forest health alike."

"Biomass energy can create the jobs of tomorrow," said Anthony Preite, Director of the Montana Department of Commerce. "Encouraging ways to utilize Montana's renewable energy resources is good for our college graduates, our job market and our economy while it addresses important concerns about climate change and energy security."

Grant awards will be made from \$100,000 up to \$475,000. Applications are due by July 31, 2009. To view the application visit <http://commerce.mt.gov/energy/BiomassStudy.asp>

For more information contact: Tom Kaiserski, Program Manager, Energy Promotion and Development Division, (406) 841-2030, [tkaiserski@mt.gov](mailto:tkaiserski@mt.gov)

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## **2. GRANT: RECOVERY ACT ANNOUNCEMENT: DOE ISSUES GRANT SOLICITATION FOR DEVELOPMENT OF A WIND TURBINE DRIVETRAIN TESTING FACILITY (EERE)**

Today the U.S. Department of Energy issued a Funding Opportunity Announcement (FOA) entitled “Recovery Act: Large Wind Turbine Drivetrain Testing Facility.” Secretary Chu announced that DOE will provide \$45 million for the development of a dynamometer and facility to ensure the performance, durability, and reliability of utility-scale wind turbine drivetrain systems in a [press release](#) that was issued on April 29. The FOA, [DE-FOA-0000112](#), was posted on June 23, 2009.

This single \$45 million financial assistance grant will be awarded on a competitive basis to assist in the design and construction of an accredited dynamometer testing facility capable of performing Highly Accelerated Life Testing (HALT) of 5-15 MW-rated wind turbine drive trains and generators and the operation and maintenance of these facilities for the benefit of wind stakeholders nationwide. Each application must include organizational participants from a state(s) and university(ies) and a plan for achieving long-term sustainable operation and maintenance and funding without future DOE assistance.

The \$45 million in DOE funds will be provided under the American Recovery and Reinvestment Act of 2009 to preserve and create jobs, promote economic recovery, and provide investments needed to increase wind energy R&D.

The announcement includes instructions for a letter of intent requirement and the FOA application. Only those applicants who submit a letter of intent are eligible to submit final applications under this announcement. Applicants who have not submitted a letter of intent will not be considered for an award. Letters of intent are due by July 15, 2009, and FOA applications are due by August 6, 2009.

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## **3. OBAMA ADMINISTRATION ANNOUNCES UP TO \$32 MILLION INITIATIVE TO EXPAND HYDROPOWER (EERE)**

U.S. Department of Energy Secretary Steven Chu today announced up to \$32 million in Recovery Act funding to modernize the existing hydropower infrastructure in the U.S., increase efficiency, and reduce environmental impact. Today’s announcement is designed to support the deployment of turbines and control technologies to increase power generation and environmental stewardship at existing non-federal hydroelectric facilities.

“There’s no one solution to the energy crisis, but hydropower is clearly part of the solution and represents a major opportunity to create more clean energy jobs,” said Secretary Chu. “Investing in our existing hydropower infrastructure will strengthen our economy, reduce pollution and help us toward energy independence.”

Secretary Chu also noted another key benefit of hydropower: potential hydro energy can be stored behind dams and released when it is most needed. Therefore, improving our hydro infrastructure can help to increase the utilization and economic viability of intermittent renewable energy sources like wind and solar power. Secretary Chu is committed to further developing pumped storage technology to harness these advantages.

Today's funding opportunity announcement under the Recovery Act will be competitively awarded to a variety of non-federal hydropower projects that can be developed without significant modifications to dams and with a minimum of regulatory delay.

Projects will be selected in two areas:

- **Deployment of Hydropower Upgrades at Projects >50 MW:** These include projects at large, non-federal facilities (greater than 50 MW capacity) with existing or advanced technologies that will enable improved environmental performance and significant new generation.
- **Deployment of Hydropower Upgrades at Projects < 50 MW:** These include projects at small-scale non-federal facilities (less than 50 MWs) with existing or advanced technologies that will enable improved environmental performance and significant new generation.

Letters of intent are due July 22, 2009, and completed applications are due August 20, 2009. The complete Funding Opportunity Announcement, number DE-FOA-0000120, can be viewed on the [Grants.gov Web site](#). Projects are expected to begin in fiscal year 2010.

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## **International: Markets, Resources and News**

1. **PRIOR USE MAY BE A DEFENSE TO PATENT INFRINGEMENT IN CERTAIN SITUATIONS (TONI TEASE, INTELLECTIONS NEWSLETTER, REPRINTED WITH PERMISSION)**



**Prior Use May Be a Defense to Patent Infringement in Certain Situations**

In our last issue, we wrote about

The term "useful end result" is not defined in the statute, but presumably this was Congress's attempt to exclude business method patents that do not constitute

intervening rights under U.S. patent law. The term "intervening rights" refers to the rule that if you broaden the claims of your patent through a reissue, you cannot sue someone for infringement if that person relied in good faith on the scope of your patent as originally issued. The doctrine of prior user rights, on the other hand, provides a defense to patent infringement if the accused infringer can prove that he practiced the invention-and made commercial use of it-prior to the earliest priority date of the patent holder. In this context, the phrase "earliest priority date" means the date on which the patent holder first filed a patent application covering the invention.

The doctrine of prior user rights is set forth in Section 273 of the Patent Act, which provides that if a person, acting in good faith, reduces an invention to practice at least one year before the filing date of a patent application, and if that person commercially uses the invention before the filing date (it does not have to be one year before), then that person cannot be sued for patent infringement. Thus, there are two requirements: the first is that the accused infringer actually built, made or practiced the invention at least a year before the patent holder's earliest priority date, and the second is that the accused infringer actually made commercial use of the invention (as opposed to simply reducing it to practice and doing nothing with it) at any time prior to the earliest priority date.

The phrase "commercial use" has two different definitions under Section 273 of the Patent Act. For most commercial entities, commercial use means an "internal commercial use" (such as using a software program in-house) or an actual arm's-length sale or other arm's-length commercial transfer of a "useful end result." Thus, a sale that is rigged for purposes of asserting

patentable subject matter under Section 101 of the Patent Act. For nonprofit research laboratories or nonprofit entities such as universities, research center, and hospitals, any use that is intended to benefit the public is considered a commercial use.

The significant limitation of the prior use defense, however, is that it currently applies only to business methods. The statute defines a business method as a "method of doing or conducting business." Given the substantial controversy surrounding the definition of a business method patent, the scope of Section 273 is not at all clear.

The American Bar Association Section of Intellectual Property Law has taken the position in its Section White Paper entitled "Agenda for 21st Century Patent Reform" ([click here](#) for a copy) that the prior use defense should be expanded to include all inventions-not just business methods. Recognizing that business methods can be claimed in a number of different ways (not necessarily always as a method claim), the Section rightly states in the white paper that restricting the prior use defense to business methods may place form over substance. The Section further argues that although the prior use defense to business methods rewards inventors who seek and obtain patents, inventors who decide to benefit the public by commercializing their inventions without patenting them are no less worthy of protection.

If you receive a cease and desist letter concerning a patent, and if you believe the prior use defense may apply, you should contact a qualified patent attorney to assist you in determining the applicability of this defense to your situation.

the prior use defense will not satisfy this requirement.

*Patent Law for the New West*®

The information in this newsletter is provided for informational purposes only and should not be considered legal advice. Please consult a qualified attorney for advice on a specific legal matter.

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## 2. FTA UPDATES FROM MANCHESTER TRADE - JUNE 22, 2009 (Chamber of the Americas)

"FTA Updates" is a periodic business information service provided by Manchester Trade Ltd., an international trade and business advisory firm in Washington, DC representing business and government clients in the Americas on trade, investment, financial, and legislative issues in the US and hemispheric markets.

If interested in our services and assistance please contact us directly at:  
DavidLewis@ManchesterTrade.com  
Tel 202-331-9464

1. Latin America updates
2. US trade agenda in continued debate
3. Colombia FTA
4. Panama updates
5. California trade lobby
6. Mexico border business

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### **1. The Final Report of the Latin American Commission on Drugs and Democracy**

<http://drugsanddemocracy.org/blog/archives/category/highlights>

[http://drugsanddemocracy.org/files/2009/03/livro\\_ingles\\_02.pdf](http://drugsanddemocracy.org/files/2009/03/livro_ingles_02.pdf)

**March 2009**

After a year of researching, interviewing experts, holding meetings and debates, the Latin American Commission on Drugs and Democracy publishes its final report, evaluating the current Drug Policy and its impacts on the Region. From the struggle against narcotics to the international interactions associated with this issue, including the efforts to curb illicit drug production, transportation and commerce, this

document sets the Latin American countries in the international drug trafficking context, exposing failures and successes, and shedding light on ways to end this scourge.

### **Latin America business: Climate for companies erodes**

**June 19th 2009**

#### **ECONOMIST INTELLIGENCE UNIT**

The attractiveness of Latin America's business environment continues to lag behind that of several other emerging regions. Moreover, over the short to medium terms, measures to mitigate the impact of the global economic downturn will take precedence over reforms to improve the quality of the business climate. In fact, according to the Economist Intelligence Unit's latest business environment rankings, the average score for the region will deteriorate slightly in the five-year forecast period.

Half the countries in Latin America are expected to suffer a decline in their overall score between the periods 2004-08 and 2009-13. The current global recession will, in particular, have an adverse effect on those countries in the region that have failed to make progress in recent years on structural reforms.

The Economist Intelligence Unit's business environment rankings model seeks to measure the quality or attractiveness of the business environment and its key components in 82 of the world's largest economies. It is designed to reflect the main criteria used by companies to formulate their global strategies and investment location decisions. The quantitative assessment of the business environment—based on the opportunities for, and hindrances to, the conduct of business—enables a country to be ranked on its overall position and in each of the categories, on both a global and a regional basis.

The model ranks countries according to investment conditions over the past five years (2004-08), as well as according to our projections of how business conditions will evolve over the next five years (2009-13). This allows us to use the regularity, depth and detail of our forecasting work to generate a unique set of forward-looking business environment rankings on a regional and global basis. The table below gives our index scores and rankings for the 12 Latin American countries included in the rankings for the historical period (2004-08) and the forecast period (2009-13).

#### Latin American business environment rankings

	2004-08	2009-13		2004-08	2009-13	Change in	Change in
	(out of 12)	(out of 82)	(out of 12)	(out of 82)	total score	rank	rank
Argentina	5.62	59	5.54	65	-0.08	-6	
Brazil	6.47	40	6.49	39	0.02	1	
Chile	7.83	18	7.69	15	-0.14	3	
Colombia	5.95	52	6.01	54	0.06	-2	
Costa Rica	6.44	43	6.38	40	-0.06	3	
Cuba	4.28	79	4.51	76	0.23	3	
Dominican Republic	5.20	66	5.56	63	0.37	3	
Ecuador	5.03	68	4.34	78	-0.69	-10	
El Salvador	6.01	50	5.96	58	-0.05	-8	
Mexico	6.78	36	6.79	35	0.02	1	
Peru	6.10	47	6.27	46	0.18	1	
Venezuela	4.99	70	4.05	81	-0.94	-11	

a From forecast period to historical period.

#### Difference between best and worst widens

The differential between Latin America's best and worst performers will expand between the historical and forecast period. Venezuela's decline is most significant; it drops from 70th place in the historical period (2004-08) to 81st (out of 82) in the forecast period (2009-13). This makes it virtually the worst place in which to conduct business operations. Ecuador's decline in rank (from 68th to 78th) is also dramatic, while Argentina's ranking weakens from 59th to 65th. These countries share a particularly high risk of a major financial crisis.

Venezuela's business environment will remain extremely poor, owing to a high level of uncertainty for investors. Indeed, the president, Hugo Chávez, has nationalised many industries in the past two years. Likewise, in Ecuador, heightened uncertainty about the content of a new constitution and its impact on business will undermine the already weak investment climate. The global recession in the early part of the forecast period, heightened risk aversion and deteriorating terms of trade affect Argentina's business environment. Deteriorating fiscal and financing conditions and rising political uncertainty heighten the risk of a new sovereign default or devaluation.

In contrast, those countries that have managed to accumulate fiscal savings during recent years of booming commodity prices are in a much better position to shore up their domestic economies through countercyclical fiscal measures and monetary easing. At the top end, although it suffers some deterioration in its business environment score, Chile will continue to lead the regional league in terms of its attractiveness as a business destination (despite the small size of its economy) and also improves its high global ranking (to 15th). Its long-running commitment to economic liberalisation and structural reform is unlikely to be brought into question.

Both Peru and Colombia will benefit from recent progress, with the former developing an investor-friendly policy environment and the latter gaining from success in improving the security environment. This will help to protect against weaker global conditions during the forecast period. Yet both retain significant deficiencies; for Peru, political effectiveness remains a problem, while deterioration in the fiscal accounts exposes the deficiencies of Colombia's complex and inefficient tax system.

#### Little change for Brazil and Mexico

The scores for the region's two largest markets, Brazil and Mexico, are close together and remain virtually unchanged between the historical and forecast periods. Their attractiveness as investment locations remains underpinned by the large size of their markets. For Mexico, its extensive network of free-trade agreements (FTAs) and a large internal market ensures that it remains an attractive investment location, even though domestic economic conditions will be extremely weak in the first half of the forecast period. Pro-business measures adopted under the administration of the president, Felipe Calderón—although watered down—will begin to take effect later in the forecast period. This explains the relative strengthening of the business environment in comparison with Brazil, whose score deteriorates marginally. Brazil has attracted an increasingly diverse array of investors in recent years, but low institutional effectiveness, a complex and burdensome tax system, and labour market and infrastructure deficiencies prevent it from moving up the global rankings.

Although Cuba is less affected by the global economic slowdown in the region, it retains one of the world's least attractive business environments. Its low ranking is largely a result of the high degree of state control and tight restrictions on the private sector owing to the government's ideological hostility to the development of private businesses. In spite of some easing, foreign investment will remain closely controlled.

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## **2. U.S. trade freeze could be slowly thawing**

**WASHINGTON (Reuters)**

**June 21, 2009**

After months of little U.S. action on trade, there are signs the issue could become more important for President Barack Obama, who heads to Italy in early July to meet with major trading partners.

"We've got to stop talking about trade as on the second page of the agenda, and put it on the first page of the agenda, along with the stimulus, education and healthcare," U.S. Trade Representative Ron Kirk said recently.

Trade has long been a divisive issue for Democrats, many of whom blame trade deals like the North American Free Trade Agreement for manufacturing job losses.

Obama, who criticized NAFTA during last year's campaign, has moved slowly to build a new bipartisan consensus on trade while pushing more forcefully on domestic concerns like health care reform and climate change legislation.

A senior Republican accused the Democratic president of stalling on three pending free trade agreements with Panama, Colombia and South Korea and criticized the Democratic majority in Congress for not living up to deals made two years ago to help pass the pacts.

"All we've seen is false starts from the administration, and even more backsliding from the majority party, particularly in the House," Senator Charles Grassley said.

But Ed Gresser, global economy director for the Democratic Leadership Council, said he remained optimistic the trade deals would eventually be approved.

"BIG ACHIEVEMENT"

"They've only been in office for five months and they've got some pretty big problems to deal with that they inherited. People have to be a little bit patient," Gresser said.

"If we get through this crisis without a big unraveling of the system, that's a big achievement," Gresser said, giving Obama high grades for resisting protectionism.

But the fact that many Democrats blame trade agreements for job losses does not mean Obama can postpone votes on the free trade pacts forever, Gresser said.

Obama "has to grapple with trade in a way that supports the image of the United States as a leader and a guarantor of the global economy, rather than a disrupter," he said.

Obama is expected to deliver a speech in the coming weeks or months outlining his views on trade.

White House officials provide no date for that speech, but analysts hope it will signal the start of a more aggressive administration effort to win approval of the pending trade deals and to reinvigorate the Doha round of world trade talks, now in its eighth year.

G8 PRESSURE

Obama is expected to face pressure to move on the Doha round early next month, when he travels to Italy to meet with other leaders of the Group of Eight nations.

"For many of the closest allies of the United States ... international trade and investment policy is a critical element of the overall relationship and it is essential that the United States demonstrate leadership," said Dan Price, who was a top White House adviser to former President George W. Bush.

Kirk, Obama's top trade official, has made "very constructive statements" about the U.S. desire to conclude Doha and pursue trade liberalization generally, but "it is still early days in terms of seeing specific proposals," Price said.

Trading partners are still waiting to learn whether Obama will follow through on a Bush administration free trade initiative in the Asia Pacific region and bilateral investment treaty talks with China, Russia and India, he said.

Obama is probably moving about as quickly as politically possible on trade, said Jeffrey Schott, a senior fellow at the Peterson Institute on International Economics.

"The immensity of the economic problem and the sharp recession and the sharp spike in unemployment have created a very difficult political environment in which to pursue trade policy," Schott said.

As the economy improves and the government moves to shore up the social safety net, it should be easier for Obama to pursue a pro-trade agenda, he said.

### **Obama's new tune on trade**

**Candidate Obama opposed new free-trade agreements and wanted to renegotiate NAFTA. A global slump has changed his mind.**

**By Howard LaFranchi**

**The Christian Science Monitor - June 14, 2009**

**Washington**

In the heat of last year's Democratic primary in Ohio, when the party's presidential nomination was in the balance, then-Sen. Barack Obama vilified US trade policy – as practiced by both the Bush and Clinton administrations. He opposed pending free-trade agreements with Panama, Colombia, and South Korea, and he advocated reopening and renegotiating the North American Free Trade Agreement.

Fifteen months later, President Obama is whistling a different trade tune.

Having named Texan and NAFTA advocate Ron Kirk his US trade representative, Obama is pushing for passage in Congress of the Panama trade pact, perhaps this fall. He wants the same for the Colombia and South Korea accords.

And NAFTA? White House aides let it be known around the time of the president's April trip to Mexico that the regional trade agreement would not be renegotiated.

What happened? It's the difference between running for president and formulating policy as president, some trade-policy analysts say. Obama, in tackling a global economic downturn that had worsened as the campaign went on, is coming down on the side of those who see expanded trade as part of a ticket out of the recession.

"You just knew that as president, [Obama] would have to come around to a more centrist view," says David Orden, a trade-policy analyst with the International Food Policy Research Institute in

Washington. He laments that the rhetoric during the presidential campaign was "not constructive for the public's understanding of trade issues."

Others say that just as Obama has charted a pragmatic foreign-policy course, he'll take a similar path for trade policy.

"Given what we've seen so far, I'd expect the president to lay out a very pragmatic course for what the US should try to achieve through trade policy and negotiations," says Jeffrey Schott, a trade-policy expert at the Peterson Institute for International Economics in Washington. That means Obama would integrate already-negotiated trade pacts into a vision for America's economic recovery.

Besides that, Mr. Schott says, "He'll want the American people to understand how trade policy can be part of a strategy to promote economic development in poorer countries."

But these trade watchers also advise Americans to "stay tuned." The administration's trade policy is a work in progress, they say, and will emerge over the coming months through a number of venues:

- As US officials pursue discussions with Panama over how to make that agreement more palatable to Congress.
- With international trade partners on completing the Doha Round of global trade talks.
- Maybe even in global climate talks, where trade and agriculture are seen as key issues in achieving a new accord on limiting greenhouse gases.
- In a major presidential speech laying out "a new framework for trade policy," say administration officials.

"He's trying to strike a balance, something between the free-trade model we've followed until now and an alternative that would reflect new interests like the fair wages needed to create consumers or a new emphasis on local supply and demand," says Mary Tharin, a research fellow at the Council on Hemispheric Affairs in Washington (COHA). "But you have to say that, so far, he's been pretty silent."

Perhaps the "road map" to Obama's overall trade policy will emerge by the end of summer, when the president is expected to deliver his major speech on trade. Though no date or venue for the talk has been set, unofficial word is that it could be timed to complement the Group of 20 summit that the United States will host in Pittsburgh on Sept. 24 and 25.

In addition to sharing his vision of a comprehensive trade policy, Obama could use such a speech for a more practical purpose. A broad trade-policy address "may be needed to set the stage before any kind of congressional debate can take place," Schott says.

In other words, the administration doesn't want to say "no" to the countries the Bush administration negotiated trade pacts with, Schott says, "so they are going to have to find a way to get the Congress to say 'yes.' "

Already, some Democratic members of Congress are shouting their opposition to any new trade agreements. They're also unveiling what is likely to be their battle theme: that the negotiated free-trade agreements (FTAs) were already wrong for the Bush years and would be an even bigger mistake for an America with high unemployment and struggling workers.

After Mr. Kirk told Congress last month that he was working "furiously" to win approval of the Panama trade pact, Rep. Michael Michaud (D) of Maine said, "The Panama FTA takes us in the wrong direction at a time when our energies should be devoted to getting our economy moving forward again."

Representative Michaud, who is chairman of the House Trade Working Group, criticized the "recycling" of Bush-era accords and added, "We need to change our model."

If a Democratic president facing stiff opposition from his own party on trade issues sounds familiar, it's because President Clinton found himself in the same predicament over NAFTA in 1993. In fact, Obama seems to be following a Clinton example in pursuing approval of another administration's controversial trade accords, says Mr. Orden, who is also a professor of agricultural and trade policy at Virginia Tech in Blacksburg.

"Clinton came in and negotiated side agreements to NAFTA without reopening the whole accord, and now we see Obama doing something very similar," he says. Obama is opting to leave the Panama and other negotiated trade pacts untouched, while entering discussions with the governments in question to produce the kinds of concessions or additional points that might persuade Congress to go along, Orden says.

As for any effort to broadly redefine trade policy, Obama should beware of what happened to Mr. Clinton, Orden also says. "Clinton tried to bring the language of the environment and labor relations into world-trade proceedings, and he ended up frightening the developing countries and setting things back for some time," he says. In the same way, Obama could unwittingly build a "thorns nest" with a trade speech that rubs developing countries the wrong way, he adds.

It's not just the governments of developing countries that will be up in arms, Ms. Tharin of COHA says, if Obama follows through on "new directions" in trade.

"The World Bank and other international institutions, the big corporations and other elites see a strengthening of what we've already been doing as the way to get out of the economic downturn," she says.

"If he really does try to come up with a 'new framework,' " she adds, "I expect to see a battle."•

### **Domestic Issues First - Trade Later** **WTD - June 16, 2009**

Domestic health care reform and Congressional approval of climate change legislation will have to pass before Congress takes up even noncontroversial trade legislation such as the US-Panama free trade agreement, the White House is telling lawmakers (WTD, 6/10/09).

Rep. Henry Cuellar (D-Texas) - a pro-trade liberal Democrat - said he was offered the Administration's tentative timetable in a recent meeting with US Trade Representative Ron Kirk, who he called a long-time friend. In that meeting, the USTR indicated President Obama wants to focus all his attention on getting health care reform and climate change through Congress before the August Congressional recess.

That would clear the decks for other matters, like the Panama FTA, when Congress returns in the fall. Next in line would come the Colombia FTA - but probably not until next year, leaving the most difficult FTA with South Korea for last.

Mr. Cuellar spoke at a program sponsored by the Cato Institute.

The House Democrat said he was disappointed the Administration had decided to put off Panama after earlier sending signals earlier it intended to move the pact this summer. Mr. Cuellar said he understands the reason behind the decision to focus on health care and climate change.

Sen. Baucus Disagrees

Senate Finance Committee Chairman Max Baucus (D-Mont) recently complained that the Administration was wrong to assume Congress could not handle the relatively non-controversial Panama FTA at the same time it is working on health care and climate change.

Mr. Cuellar said he assumes the White House does not want to risk alienating liberal Democrats whose votes will be needed for health care and climate change by bringing up a trade bill. Trade remains a divisive issue within the House Democratic caucus, he noted.

Once those big domestic issues are out of the way, the President will have more time to make the case for trade, Mr. Cuellar suggested. The President will have to win over Democrats who soured on trade during the Bush Administration, largely because their concerns were ignored by a White House that tried instead to ram through trade deals with almost exclusively Republican votes.

The lawmaker said he advised USTR Kirk not to make that same mistake and to bring Republicans on board early in the process so that trade bills can be bipartisan.

Just back from a trip to Panama, Mr. Cuellar said Panamanian officials were taken aback by the decision to delay a vote, which they had expected this summer.

### **Domestic-Issues-First Approach**

**WTD - June 19, 2009**

President Obama's decision to make trade part of his domestic agenda that includes health care reform and education will create a more competitive US economy and give US workers more confidence about the globalized economy, House Ways and Means Committee Chairman Charles Rangel (D-NY) said yesterday (WTD, 6/18/09).

Mr. Rangel defended the President's decision to focus on big domestic priorities before dealing with trade issues left behind by the previous Administration. Americans will have a better attitude about trade when they no longer have to worry about whether they can afford health care or education, he said.

But a key Senate Republican yesterday warned that the United States is likely to lose a lot by standing on the sidelines while other countries negotiate trade deals - all because of domestic politics. "The President and his advisors are sidetracked by political considerations," Senate Finance Committee ranking Republican Chuck Grassley (Iowa) said.

"It's evident the Administration is unwilling to incur the political costs involved in moving free trade agreements," the senator told a program sponsored by the Washington International Trade Association. He blamed organized labor - which he said has turned trade into a "scapegoat" for lost manufacturing jobs.

But many more US jobs will vanish as other countries move ahead with trade agreements. While the US FTAs with Panama, Colombia and South Korea sit on a shelf, Canada and the European Union are finalizing their own trade pacts with those same countries.

#### Export Loses

Ways and Means trade subcommittee ranking Republican Kevin Brady (Texas) also bemoaned the export opportunities that will be lost by delaying action on the FTAs. While President Obama's strategy of incorporating trade into a larger domestic agenda could possibly result in more support for trade in the longer run, Mr. Brady told WTD he is concerned that it will become an excuse not to move on trade at all.

Pro-trade Democrat Rep. Gregory Meeks (NY) said he intends to press President Obama to move forward on the FTAs - as he promised to do early this year in a meeting with New Democrats. Speaking at a program sponsored by the Congressional Services Caucus, Mr. Meeks said he would take that message to US Trade Representative Ron Kirk, who he was meeting later in the day.

Meanwhile, the full House yesterday rejected a proposal for a Commerce Department study on the impact on US jobs of not passing the Colombia FTA. The 236 to 179 vote was largely along partisan lines. The amendment was offered to the fiscal year 2010 Commerce State Justice appropriations bill (HR 2847).

In the absence of action on the FTAs, Sen. Grassley said he expects movement on some other issues, like customs reauthorization and reform of US trade preferences programs. The senator said he hopes to begin discussing trade preference reform with Finance Chairman Max Baucus (D-Mont) later this summer. Those discussions are likely to focus on such issues as harmonizing eligibility criteria among the programs and making sure poorer countries receive more of the benefits. Sen. Grassley reiterated his belief that advanced developing countries should be eventually "graduated" from preferences programs - and those still receiving benefits should provide some level of reciprocal treatment to US products.

Sen. Grassley said he is unhappy that the White House pushed a new preferences program for Afghanistan and Pakistan through the House as part of a Pakistan aid bill (HR 1886, S 962) without consulting the Senate.

The Senate version differs with the House on the eligibility criteria for labor in Reconstruction Opportunity Zones.

#### **Cuellar: USTR Sees Possible Panama FTA Vote After August Recess Inside Trade - June 16, 2009**

U.S. Trade Representative Ron Kirk in a private conversation within the last two weeks told Rep. Henry Cuellar (D-TX) that a vote on the U.S.-Panama free trade agreement would "probably" happen this year, but not until after the August recess, Cuellar said this week.

Speaking at a June 15 event sponsored by the Cato Institute, Cuellar said he had hoped for quicker action on pending trade deals. "I was hoping that we would have at least Panama before the August break," he said, but noted that this will not be possible due to the time Congress must devote to climate change and health care.

Cuellar said he received a rough schedule from Kirk of when all three pending FTAs could receive congressional votes, but declined to elaborate on what this USTR schedule was for the U.S.-Colombia FTA or the U.S.-South Korea FTA, instead only noting that Kirk said the Panama FTA "comes first."

"We're hoping that later on this year we will go ahead and at least take up Panama to do that," Cuellar said, adding that he hoped the Colombia FTA could come up for a vote sometime after that.

However, Cuellar stressed that the demands on labor and tax issues that the U.S. has made on Panama as a prerequisite for a vote on the U.S.-Panama free trade agreement are controversial in Panama. He indicated that Panama may not satisfy the demands until there is assurance that the U.S. Congress will vote on the trade deal.

In his opinion, Kirk should therefore provide some assurance on the timing of a Panama FTA vote in order to ensure that these demands can be met in Panama, Cuellar said.

"I think that's one of the things that the ambassador, Ron Kirk, needs to give them, because it's hard for them," Cuellar said. "It's a lot easier for us to say 'Do that,' but you've got to understand those guys face very difficult political votes," he added. He said Panamanian officials made this point to him personally during a visit to Panama.

The U.S. has demanded that Panama make several legislative changes so that they better conform to standards on upholding labor rights as outlined by the International Labor Organization.

This process is still ongoing in Panama, and one observer argued that because the FTA is not coming up in the short run, Panama may view these changes as less urgent.

Cuellar said Kirk told him there is a "lot of good movement" on working on the Colombia FTA. The two sides are currently engaged in devising a series of "benchmarks" that Colombia must fulfill so that the Colombia FTA could receive a vote in the U.S. Congress, but observers have said that process appears stalled and Colombian Ambassador Carolina Barco has said the process has not yet moved beyond the phase of sharing information.

At the meeting with Kirk, Cuellar said he urged the USTR to ensure adequate consultation with Republicans on trade policy in light of the fact that trade is a controversial issue and the new administration does not want Republicans to feel shut out of the process, something that could lead to declining Republican support on trade.

"My advice to Ron Kirk was ... I hope you don't do the same mistake," Cuellar said. "Don't get caught up where you work out everything and then come up to the Republicans and say 'Hey, sign on to this bill.'"

President Barack Obama is expected to reveal further details on U.S. trade policy in a major speech, which USTR officials have privately said could come as early as this summer, sources have said.

As an example of bipartisan cooperation, Cuellar said he is set to unveil a bipartisan Pro-Trade Caucus next week. The caucus already has roughly 10 Democrats participating, but will also have Republican participants, a House aide said.

Cuellar is a staunch advocate of passing trade deals and was one of only 15 Democrats to vote in favor of the U.S.-Central America Free Trade Agreement (CAFTA).

**US senator raps Obama stalling on trade deals**  
**Republican Grassley says U.S. risks being left behind**  
**Senator says political concerns hindering trade deals**  
**WASHINGTON, June 18 (Reuters)**

The United States risks being "wallflowers at the dance" as other countries pursue trade deals while the Obama administration sits on the sidelines, a senior Republican senator said on Thursday.

The Democratic Obama administration so far has only produced false starts on trade, allowing itself to be sidetracked by congressional Democrats and unionists who oppose some trade deals, Senator Charles Grassley said.

He said he feared the White House would not submit a free trade agreement with Panama to the Democratic-controlled Congress for approval before next year and doubted another pact negotiated with Colombia would come up even then.

Grassley, the senior Republican on the Senate Finance Committee, sensed no White House plan for submitting to lawmakers a trade deal that the United States negotiated with South Korea. All three pacts were negotiated by the Bush administration but must be ratified by Congress to go into effect.

"We are in need of real leadership to make sure that the United States remains at the economic forefront for the coming decades, but the president and his advisers are sidetracked by political considerations," Grassley told a trade association breakfast in Washington.

"All we've seen is false starts from the administration, and even more backsliding from the majority party, particularly in the House," he said.

Obama administration officials have sent conflicting signals on trade this year. Initially, they said they were working hard on readying the Panama deal for Congress.

Then they indicated last month that the Panama deal would wait until Obama outlined a new trade policy framework, and said this framework needed to be in sync with domestic policy.

Meanwhile some 50 House of Representatives Democrats have demanded that the Panama deal be renegotiated, saying they are concerned about Panama's tax and labor laws.

Grassley warned that U.S. exports had fallen this year as officials dithered over trade pacts. Meanwhile Canada was conducting trade negotiations with Panama and had already completed talks with Colombia, he said. The European Union was also negotiating with Colombia and South Korea, he said.

"We've in a sense been wallflowers at this dance before," Grassley said. Between 1995 and 2002, U.S. negotiating partners concluded over a hundred trade deals while the United States clinched just three, he said.

**Grassley: Colombia FTA Slipping To Next Congress, Panama Next Year**  
**Inside Trade - June 19, 2009**

Senate Finance Committee Ranking Member Charles Grassley (R-IA) yesterday (June 18) blasted the administration for a lack of political will on trade and suggested that as a result, Congress may not vote

on the U.S.-Panama free trade agreement until next year and that a vote on the U.S.-Colombia FTA may not happen until the next session of Congress.

“It is evident that the administration is unwilling to incur the political cost to implement our pending trade agreements at this time,” Grassley said at a June 18 event sponsored by the Washington International Trade Association.

“Maybe we’ll get to the Panama trade agreement next year, but I doubt that the current Congress will take up the Colombian trade agreement,” he said. “I have no sense that the administration has a plan for proceeding with South Korea,” he added, in reference to the U.S.-South Korea free trade agreement.

Several observers this week said that if Congress does not vote on the Panama FTA this fall, it could slip until 2011 due to the potential reluctance by the administration to force Democrats to take difficult trade votes in the 2010 election year and in the face of a high unemployment rate.

The lack of movement on trade since the passage of Trade Adjustment Assistance (TAA) in January demonstrates that the White House “is not really interested in pursuing a positive trade agenda at this time, and neither are House Democrats,” Grassley charged.

He implied that the White House recognizes the importance of trade, but does not want to push legislation controversial in the Democratic caucus. “For the White House, I think they know better, but they just don’t want to move ahead against different sorts of opinion within their own party,” he said.

Grassley acknowledged the positive “rhetoric” from the administration on international trade engagement, but he said all he has seen on trade thus far this year is “false starts from the administration and even more backsliding from the majority party, particularly in the House.”

This is an apparent reference to the Panama FTA, where the administration after the mid-April Summit of the Americas ratcheted up expectations that it would submit the implementing legislation to Congress for a vote, only to hold off because it did not want to be detracted from its health care reform efforts.

The administration has put trade on hold until President Barack Obama has the opportunity to outline how trade fits within a broader economic framework. “I fear we are waiting a long time for the results of that determination,” Grassley said. “Our exporters don’t have time to wait,” he added, arguing that other countries will continue to negotiate FTAs that will put U.S. exporters at a disadvantage.

He also applauded the administration decision to resume negotiations on an AntiCounterfeiting Trade Agreement (ACTA), and hoped the administration would also soon announce its desire to go forward with suspended Trans-Pacific Strategic Economic Partnership (TPP) free trade talks.

Grassley strongly criticized the administration for failure to consult him on legislation that would give duty-free access for selected apparel, textiles and other items from Afghanistan and Pakistan produced in so-called Reconstruction Opportunity Zones (ROZs). The bill was part of a larger Pakistan aid bill that passed the House last week (Inside U.S. Trade, June 15).

“I am extremely disappointed that the administration chose to jam ROZ legislation through in this matter,” Grassley said. “At no point did the administration make any attempt to engage me in this issue, despite the well-known differences between the House and Senate ROZ bills with respect to labor,” he said.

The labor provisions in the House version of the bill are controversial among Republicans in both chambers, and House Republicans object to the fact that the ROZ bill never passed through the Ways and Means Committee.

“The process they have chosen is a repudiation of the bipartisan, bicameral approach to trade with which we began the year,” Grassley said. “I don’t understand why they chose this process but, as I’ve indicated, I was never asked.” In the Senate, preparations are beginning to move the ROZ bill (see related story).

“In any event, it is unclear to me at this time how the Senate will move forward with respect to ROZ legislation, particularly given my broader interest in preference program reform,” he said, although he added that he had no position on whether ROZ legislation or preference program reform should come first.

Grassley warned that bipartisan cooperation is necessary to advance several trade initiatives this year. “Without a bipartisan consensus that includes the White House, we are not likely to get trade legislation through this Congress,” he said.

On the Andean Trade Promotion and Drug Eradication Act (ATPDEA), Grassley said that he was unaware of any reason why the administration should restore trade preferences, which were suspended last fall, for Bolivia because Bolivia has not taken the requisite steps to come into conformity with ATPDEA eligibility requirements.

“I am unaware of any action taken by the government of Bolivia to suggest that Bolivia is now meeting its international narcotics obligations. If that is in fact the case, I don’t see how it can be found to be in conformity with the eligibility requirements,” he said.

The administration must decide whether Ecuador will continue to get trade preferences and whether Bolivia’s preferences will be reinstated by June 30.

On trade preference reform, Grassley said he was still working on developing concrete ideas. Once that has happened, he said he hoped to discuss the issue with Finance Committee Chairman Max Baucus (D-MT) to see whether they could craft a bill together. He said this conversation could begin this summer.

Reform of the Generalized System of Preferences (GSP) will be the driver for trade preference reform, Grassley said. He argued that there should be a “clear policy” for graduation from the program for advanced developing countries, and also argued that the benefits of the program should be spread more evenly between the more than 130 countries that currently receive GSP trade benefits.

In an apparent reference to India, Grassley also said that one motivation for GSP reform would be to send a clear message to countries that they cannot benefit from GSP and then take difficult negotiating positions in the Doha round.

“I also think the United States should legitimately expect some reciprocity from advanced developing nations that benefit from an open system of international trade. At some level, why should we continue to provide unilateral trade benefits to advanced developing countries absent some reciprocity?” he asked.

Grassley also acknowledged other issues that will arise in the preference reform debate, such as whether to address differences in eligibility criteria and product coverage among the various preference

programs. "I'm not prepared to discuss those issues today, but I want to acknowledge them, that they're on my agenda," he said.

On customs reauthorization, Grassley said he expected a bill to be introduced sometime during the next work period and that one priority for that bill will be better enforcement against pirated goods (see related story).

Grassley also said that he hoped to gain more clarity from China on currency rates this summer.

"I will be looking to the next round of the Strategic and Economic Dialogue with China at the end of the July for clear indication from the Chinese of how further liberalization of its currency exchange rate fits into coordinated efforts to rebound from our economic downturn that is global," he said.

Finally, Grassley argued that the recent victory for the U.S. in an investment case under the North American Free Trade Agreement shows that FTAs do not erode the ability of the U.S. to regulate health and environmental safety, as some critics allege.

"Our success in that case demonstrates yet again that nothing in our trade agreements prevents us from maintaining strong legal protections for environment and health," he said. -- Jamie Strawbridge

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### **3. Colombia FTA: Testing Time for Obama**

**President Uribe to Fortify his entente cordiale with Democratic Majority leader Steny Hoyer**

**by Research Associate Gretchen Knoth**

**[www.coha.org](http://www.coha.org)**

**June 17th, 2009**

Reference to the pending U.S.-Colombia Free Trade Agreement resurfaced in the final presidential campaign debate between Barack Obama and John McCain on October 15, 2008. At the time, Obama voiced his disapproval of the FTA, stating that continued violence in Colombia and the treaty's insufficient human rights protections should slow the agreement's passage, perhaps indefinitely. However, throughout the entire negotiation process, Democratic House Majority Leader, Steny Hoyer (D-MD), consistently supported the agreement. Despite earlier opposition to the long pending agreement, the Obama administration has set the stage for reversal of its position by currently supporting a free trade initiative between the two nations once provisions are in place for the adequate protection of human and labor rights in Colombia.

However, the White House's hesitation is little more than window dressing as President Obama contacted U.S. Trade Representative Ron Kirk in April to begin revisions of the agreement in hopes of eventually solidifying a free trade relationship between Colombia and the United States. The President's support of such an initiative signifies the continuation of neo-liberal trade policies first introduced by President Bill Clinton with the formulation of NAFTA, and later reinforced by the Bush administration's numerous bilateral trade pacts.

The U.S.-Colombia Free Trade Agreement (CFTA), also referred to as the United States-Colombia Trade Promotion Agreement, was born out of failed multilateral negotiations between the United States, Colombia, Peru and Ecuador, the latter three being members of the Andean Community of Nations (CAN). Washington's first bilateral trade negotiations were initiated with Colombia in 2004 and concluded on November 22, 2006. While the Colombian Congress approved the agreement in 2007 by a

substantial margin in both the House and Senate, it has yet to be enacted in the U.S. due to strong opposition from environmental and labor organizations, including the AFL-CIO, as well as a bloc of Democratic legislators. CFTA is the subject of particularly heated controversy, even more so than surrounds other free trade pacts. Widespread uneasiness over Bogotá's poor enforcement of labor laws and lack of repercussions stemming from the murder of hundreds of Colombian labor leaders has deeply troubled U.S. trade union members.

The U.S.-Colombia FTA contains several measures, including provisions aimed at reducing tariffs on U.S. exports to Colombia and the enforcement of intellectual property rights, internationally-recognized labor laws, and environmental protections in Colombia. The agreement provides U.S. companies with access to Colombian markets by eliminating tariffs on 80 percent of U.S. consumer, industrial and agricultural exports to Colombia, including beef, cotton, wheat and soybeans, as well as textiles and clothing. All other goods are destined to become duty-free within 10 years of the agreement's initial implementation. Provisions for increasing the transparency of customs' procedures through public hearings and access to documents are also to be incorporated into the text of the trade pact. The initiative equalizes the benefits conferred on the citizens of both countries by granting American investors the same privileges as those enjoyed by Colombian investors.

### Boom for Big Business

Despite criticism in Washington among Democratic members of Congress as well as some influential labor lobbyists, the agreement is likely to be passed. It certainly will be favorable for many U.S. multinational corporations who are likely to be the primary beneficiaries of the agreement. While 90 percent of Colombian products already enter the U.S. tariff free due to the Andean Trade Preference Act (ATPA), the U.S.-Colombia FTA would now be able to provide comparable benefits to U.S. economic sectors, which currently pay tariffs as high as 35 percent on various products. While large sums will not be involved, U.S. firms will all but certainly gain from this agreement, which could potentially increase U.S. exports by 13.7 percent or \$1.1 billion, contributing \$2.5 billion to U.S. GDP, according to the United States International Trade Commission (USITC). While U.S. exports to Colombia totaled only \$8.6 billion in 2007, constituting less than 1 percent of national GDP, the Congressional Research Service reports that the agreement would produce a small, but still positive, gain for the United States.

Under the FTA, large U.S. industries, and the agro-industry in particular, would have the opportunity to expand into a previously almost inaccessible market. The agreement, if passed, would certainly provide financial benefits to large companies by concentrating profits in the multinational corporate sector, although smaller and mid-sized businesses could be largely excluded the economic opportunities that the agreement promises.

### Major Colombian industries to gain from agreement with U.S.

There are also potential benefits for Colombia as a result of the agreement, although it is unlikely that they will see the same desirable results as would U.S. firms. Under the ATPA, Colombia already experiences preferential treatment of most of its exports. These benefits would be equalized and maximized under the U.S.-Colombia FTA. However, Colombia would likely attract increased foreign direct investment as a result of its interaction with U.S. commercial sectors, its demonstrated commitment to befriending Washington and as an enthusiastic advocate of free trade. President Uribe's pro-market policies, such as modernization of Colombia's hydrocarbon industry and the protections being offered to foreign investors, signify his administration's dedication to a neo-liberal economic agenda which has in the past increased investor confidence abroad. This commitment has long been appreciated by Washington, as shown by the \$6.03 billion of U.S. assistance to Bogotá from 2000 until 2008 under Plan Colombia, which was an initiative established to promote social and economic

development as well as to combat the production and trafficking of narcotics. Foreign direct investment to Colombia is estimated to increase by more than \$2 billion under the agreement, due to protections regarding the “establishment, acquisition, expansion, management, conduct, operation, and sale” of investments. Financially, the bilateral agreement touts the supposed generation of revenue which could be used to fund programs to impede the production of coca and other narcotics, as well as the manual spraying of fungicides and funds to finance social programs, such as food distribution centers.

As is the case with the United States, the U.S.-Colombia FTA would primarily benefit large Colombian corporations. The United States is presently the largest source of foreign investment in the South American nation, totaling “U.S. \$10.5 billion, more than quadruple the amount in 2002” according to the U.S. Department of State. These figures are predominantly found in the manufacturing, mining, and energy industries that comprise the bulk of Colombia’s economy. While new foreign funds will be injected into the country as a result of increased foreign direct investment, these monetary gains are not likely to be equally distributed amongst Colombia’s smaller and mid-sized companies. Ultimately, while large Colombian industries can expect to benefit from the agreement, smaller sectors of the Colombian economy will still relatively be unaffected, or potentially even hurt by trade relations with an increasingly proficient U.S. trade infrastructure. Not only will local Colombian enterprises be handicapped by their size from receiving appreciable funds from foreign investment, but their position could be weakened by having to compete with modernized and efficient American firms.

FTA could threaten workers in Colombia and U.S.

The pending FTA between Bogotá and Washington could potentially cause American jobs to be outsourced to Colombia as a result of increased foreign investment and development in the nation. The agreement threatens that American employees will either be replaced by laborers in Colombia or will be forced to work for lower compensation due to price competition with U.S. labor’s South American counterparts. The consequences of the agreement on American workers will likely not only be felt by those employed in small firms, as such expansion could potentially result in increased employment both in Colombia and the United States, although the quality of the jobs could markedly differ.

Alternatively, many fear that Colombian jobs, particularly in the agricultural industry, which comprises the third largest sector of the Colombian economy and contributes 9.4 percent to the national GDP, will be harmed due to increased competition with American agro-industries as well as other corporations once tariffs are entirely eliminated. Moreover, if the condition of the Colombian economy is inherently weakened by an FTA with the U.S., hopes of combating the cultivation of coca — for decades, a preoccupation of Washington policy makers — are dim as former Colombian farmers will likely resort to producing narcotics, particularly for reconstituted paramilitary organizations. An increase in the production of coca would revitalize narcotics trafficking by drug cartels, the Revolutionary Armed Forces of Colombia (FARC), and other radical paramilitaries. As a result, the FTA would fail in achieving its central objectives: to provide reciprocal benefits to the United States while simultaneously eradicating drug trafficking, poverty and threats from paramilitary organizations operating in Colombia.

Violence in Colombia could ruin chances of a FTA

Many U.S. Congressional members and human rights advocates are aggressively opposed to CFTA and expanded trade relations with Colombia. This is primarily because of the violence that has been perpetrated against the country’s union workers and the impunity enjoyed by paramilitary groups in spite of their routine assassinations of local unionists. Despite President Uribe’s success at reducing the overall level of crime in Colombia, some pro-free trade Congressional members have issued a statement saying that it “would be willing to consider the Colombia FTA once ‘concrete evidence of sustained results’ in reducing violence and impunity in Colombia are shown.” President Obama also expressed hesitation about establishing trade relations with Colombia on the grounds that “the history in Colombia

right now is that labor leaders have been targeted for assassination on a fairly consistent basis, and there have not been prosecutions...” The United States appears to be rightfully hesitant over becoming involved with a nation afflicted by such flagrant violence and corruption.

Opponents of the U.S.-Colombia FTA also point to the continual violation of the rights of Colombian workers by corporations and paramilitary organizations. The text of the FTA states that each nation must abide by the rights called for in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), which includes the following stipulations:

“freedom of association, the effective recognition of the right to collective bargaining, the elimination of all forms of compulsory or forced labor, the effective abolition of child labor and, for purposes of this Agreement, a prohibition on the worst forms of child labor, and the elimination of discrimination in respect of employment and occupation.”

However, it is difficult, if not impossible, to guarantee the enforcement of basic labor rights’ protections in Colombia, where paramilitary organizations threaten to assassinate union leaders who seek to gain viable wages, health benefits, and job security for their trade union members. The severity of crime in Colombia necessitates more stringent labor standards in the agreement, ones that encompass fair treatment of labor rights by foreign corporations and violations of standards committed by paramilitary organizations.

The labor laws stipulated in the agreement are problematic because they only specify transgressions of labor rights involving an employer and employee. However, the circumstances in Colombia are complicated by violence perpetrated against laborers by paramilitary organizations. These rebel forces are not covered by the ILO labor clause because they are independent from the Colombian government and local employers. Moreover, Colombia has an exceptionally poor record of prosecuting cartels who assassinate, threaten, and abduct unionists, at times commissioned on behalf of an employer or his management. Of the 4,000 trade unionists murdered since 1986, only five perpetrators of these killings have been convicted. Currently, the agreement lacks any capacity for rigorous oversight of violence committed by paramilitary organizations. While the “Labor Affairs Council”, established in the agreement, is important for reviewing the implementation of the labor statute, a second independent body is needed to regulate the occurrence of crimes against unionists as well as to conduct criminal trials against the perpetrators of the violence.

The prospect of international corporations establishing more branches and operations in Colombia could be disconcerting, as some of these companies are accused of hiring paramilitary organizations for the expressed purpose of dismantling the labor unions operating in their businesses. For example, Coca-Cola is alleged to have employed these tactics, as 8 union leaders have been assassinated at the company’s Colombian bottling plants since 1989. Drummond Coal, an American coal company primarily operating in Colombia, was embroiled in a federal law suit accusing its personnel of hiring a right-wing paramilitary unit to assassinate 67 Colombian workers in 2001. Provisions to monitor the felonious behavior of these international corporations, must be incorporated into the free trade agreement, otherwise existing labor protections do not insure against these kinds of transgressions, particularly because the crimes are committed by external elements that are not under the jurisdiction of the pact.

Colombia- favored by U.S.?

Colombia is a beneficiary of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), in which goods from Colombia, Ecuador and Peru enter the United States duty-free under the condition that its members cooperate with U.S. efforts to combat the cultivation of coca in South America.

Bolivia, initially a participant of ATPDEA, was suspended as a “result of Bolivia’s failure to cooperate with the United States on counternarcotics efforts.” Bolivian President, Evo Morales, argued that the suspension was an attack on the country’s leftist policies rather than a result of the country’s noncompliance with American counternarcotics efforts as Bolivia has apprehended more drugs and reduced coca cultivation more than Colombia. Coca cultivation increased by 27 percent in Colombia compared to 5 percent in Bolivia according to the United Nations Office on Drugs and Crime.

Yes and No?

The complexities of a free trade agreement, particularly one involving a country plagued by violence, corruption, and crime, have given rise to serious controversies. Perhaps a multilateral agreement, such as the U.S.-Andean FTA (the failed precursor of the U.S.-Colombia agreement), would be better received in Washington since, under that agreement, the World Trade Organization would be able to more closely monitor human and labor rights violations in Colombia because of the dispute settlement clause found in multilateral trade agreements. This could possibly alleviate some of the present concern about the injustices committed against labor union members, as well as resolve some of the opposition to the U.S.-Colombia Free Trade Agreement.

The inclusion of heightened labors standards in the body of the free trade agreement (as negotiated by the Bush administration and a bipartisan congressional taskforce in response to concern about unsatisfactory labor protections) is a step in the right direction towards ensuring that the agreement is both economically and socially beneficial to Colombians. The agreement can be counted on to be more viable once a clause describing enforcement provisions and possible repercussions for violence against union workers by paramilitary organizations is integrated into the agreement.

However, while the U.S.-Colombia FTA certainly has its faults, supporting an agreement that would assist corporations employing thousands of laborers domestically and internationally might prove positive in the midst of a global economic recession. While the agreement certainly does not ensure that both Colombia and the United States will benefit equally, the financial gains at stake for both nations remain considerable. With more comprehensive labor protections, the economic gains deriving from free trade agreement could be realized, but only if Colombia’s leadership can simultaneously work to protect trade union leaders from being assassinated and if a weakening of the rights of organized labor and individual workers does not occur.

Growing pressure from labor, environmental, and corporate lobbyists will inevitably bring the agreement to a vote on the Congressional floor, a decision that will solicit satisfaction or concern among the American and Colombian public, depending upon one’s perspective.

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**4. FTA between Panama and the United States: Re-negotiations imminent?**  
**US congressmen want foreigners to be allowed to become union leaders.**  
**The American congressmen are unwilling to discuss the agreement until Panama make changes to its fiscal and labor laws**  
**Panama Star, PANAMA**  
**www.bilaterals.org - June 22, 2009**

The Free Trade Agreement FTA between Panama and the United States may have to be renegotiated due to demands imposed by some members of Congress.

These American legislators want Panamanian fiscal and labor laws to be overhauled before they will consider approving the FTA.

In particular, the congressmen are pressuring Panama to reduce the number of people who can form a union from 40 to 20 and to give foreigners the right to head union organizations in Panama.

They are also calling for reforms of legislation concerning export processing zones, the right to strike for Panama Canal Authority employees and mandatory arbitration.

It is not known to what extent Panama would comply with these new proposals but the Torrijos administration recently approved five different executive decrees modifying the labor statutes to comply with the International Labor Organization.

A source linked to the Martin Torrijos Administration, who asked not to be identified, told La Estrella that a revision of the terms and conditions of the FTA agreement are not out of the question, but recognizes that it is going to be difficult and will need the goodwill of both countries.

The former treaties' administrator of the Ministry of Commerce, Horacio Estribi, said that the revision of the FTA is technically viable because all international agreements have a clause that allows changes even though they have been signed, but "in the end it is a political decision."

"The Martin Torrijos administration ran out of time to do anything, but the new government has the capacity to renegotiate the FTA, but it has to be put forward before the National Assembly," said Estribi.

Panamanian Commerce minister, Gisela Alvarez de Porras, recognizes that the political window for the FTA to be presented in the US Congress is firmly closed at the moment because "the United States is busy with other matters.

Appointed Commerce Minister, Roberto Henriquez, said recently that "the United States appears interested in making Panama sweat for the FTA."

The FTA could be discussed by the US congress between August and September of this year although some analysts believe that this will not happen until 2010, giving time for the Barack Obama administration to solve other internal issues such as health and the economy.

### **Panama politics: Martinelli honeymoon will be short-lived**

**June 22nd 2009**

#### **ECONOMIST INTELLIGENCE UNIT**

Panama's president-elect, Ricardo Martinelli, will take office on July 1st amid an economic downturn that is the sharpest experienced by the country in a decade. As a result, he will not enjoy the customary honeymoon period conceded to new presidents. Early criticism has focused both on the president-elect's political appointments, the viability of some of his flagship campaign pledges and the future policy direction of his administration.

Constitutional changes following the 2004 election halved the transition period between governments. With just under two months between election day and his inauguration on July 1st, Mr Martinelli's early strides to nominate members of his administration were intended to instil a sense of clarity and purpose amid a deteriorating economic outlook and an accelerating rate of violent crime. The emerging list of

cabinet members was notable both for the number of appointees from the business sector and the close association of many with businesses either owned by the president-elect, or in which he has an interest.

The critical reception given to some of Mr Martinelli's appointments reflects their perceived lack of experience and qualification for the role. Trade unions gave a particularly cool response to the prevalence of business-sector appointees, presaging deterioration in labour relations. While patronage played a part in Mr Martinelli's choices, with posts going to key members and supporters, and high-profile defectors from other parties, his appointments also reflect the change of approach that will take place under his administration.

Despite accusations of political naivety levelled at the president-elect—although he has held posts under two previous governments, the presidency is Mr Martinelli's first elected office—his intention is to preside over a less bureaucratic government, applying the lessons learned from business to the public administration. His aim is to form a government that will not only offer a more favourable environment for business, especially so if he is able to implement planned fiscal reforms, but will be more managerial in tone and implementation.

#### Constraints ahead

Mr Martinelli's easy electoral win gave him a strong mandate to move ahead with his agenda, which includes strengthening the public security services, reforming the tax system and (in the short term) countercyclical public investment spending. However, the speed and extent to which the Martinelli administration will be able to implement its policies will be tempered by fiscal constraints in 2009 as economic and revenue growth slow sharply and a largely inexperienced cabinet struggles to find its feet following the mid-year handover of power. A marginal economic recovery in 2010 will continue to impede the government's ability to fully implement its spending plans.

Plans to simplify the tax system, cutting the business tax burden by introducing a "flat tax", will prove difficult until the fiscal picture has stabilised. Despite emergency measures widening the size of the fiscal deficit that can be run by the government, plans to boost economic growth by ramping up capital investment spending will be tempered by falling revenue and the cost of subsidies introduced in 2008.

Panama Canal expansion, for which multilateral funding totalling US\$2.3bn was secured in 2008, is unlikely to be derailed by the economic downturn. However, with 56% of project financing dependent on toll revenue, transfers by the Autoridad del Canal de Panamá (ACP, the Panama Canal Authority) to the government and to the Consejo de la Concertación Nacional para el Desarrollo (the national development council, central to poverty-reduction strategy in recent years) are likely to be below budget, compounding the fiscal deterioration caused by the economic downturn. Rising unemployment will mean that pressure will build on the government to keep in place the broad raft of government subsidies introduced during 2008 to help the poorest households, further constricting Mr Martinelli's room for manoeuvre to advance fiscal reform plans.

#### Fragile coalition

Initially, Mr Martinelli's hand will be strengthened by the legislative majority in the National Assembly won by his Alianza por el Cambio, an alliance of his own Cambio Democrático (CD) party, the Partido Panameñista and two smaller parties. However, although Mr Martinelli promoted himself as representing a change from the political status quo, his promises to tackle crime and corruption will be difficult to fulfil, as will his public spending pledges.

As public support ebbs, alliance partners, especially the Panameñistas, who remain the second-largest party in the legislature behind the outgoing Partido Revolucionario Democrático (PRD), will begin to

question the wisdom of tying their political fortunes so closely to those of Mr Martinelli. Given Mr Martinelli's reputedly abrasive managerial style, his potential disinclination towards the compromise and consensus-building required to govern an alliance of parties successfully in what is his first elected post, and an unwillingness to delegate, the risk of a split within the alliance's ranks is great. At best, we expect a gradual fragmentation of his alliance over the course of the next year or so.

### **Panama politics: New president's team**

**June 22nd 2009**

### **ECONOMIST INTELLIGENCE UNIT**

Ricardo Martinelli, who will take office as Panama's new president on July 1st, has named a cabinet that is notable both for number of appointees from the business sector and the close association of many with businesses either owned by the president-elect, or in which he has an interest. This has given rise to some early criticism of the appointments, for their perceived lack of experience and qualifications for the role.

However, patronage played a part in Mr Martinelli's choices, with posts going to key members and supporters, as well as high-profile defectors from other parties, his appointments also reflect the change of approach that will take place under his administration.

The key players already named include:

\* Foreign relations: The appointment of the leader of the Partido Panameñista, Juan Carlos Varela, to head foreign affairs will place him at the centre of one of the administration's most important policy priorities, securing US ratification of the Preferential Trade Agreement (PTA), a free-trade deal signed in mid-2007. Mr Varela played a key role in the Martinelli landslide when, after a string of dire poll results, he agreed to sublimate his and the Panameñista's presidential ambitions by joining the Alianza por el Cambio to run as Mr Martinelli's vice-president.

The Obama administration abandoned attempts in early June for the PTA's swift ratification in the face of congressional opposition until tax information exchange and labour rights improvements, setting it back until at least late-2009. A potential collision course exists with Mr Martinelli, who pre-empted any easing of Panama's banking secrecy laws following Panama's inclusion on the OECD "grey" list of tax havens in April, on the grounds of the damage it would do to Panama's offshore banking sector. The issue will provide an early test of the strength of Mr Martinelli's coalition and the president-elect's willingness to compromise and seek consensus with cabinet colleagues and alliance partners.

\* Finance and economy: A wealthy tourism developer and former banker, and presidential candidate in 1999, Alberto Vallarino will head the ministry of finance. As vice-president of BanIstmo, he oversaw a process of mergers and acquisitions that saw it develop into Panama's and Central America's largest private bank. Mr Vallarino presided over the acquisition of BanIstmo by HSBC (UK) in 2006 when at the time much-criticised changes to capital gains tax laws lowered the tax payable by BanIstmo shareholders on profits from the sale of the bank.

\* Trade and industry: Minister-designate Roberto Henríquez is likely to become one of the most influential figures in Mr Martinelli's cabinet. One of Mr Martinelli's closest and most trusted advisers, he was his running mate in the 2004 elections and is vice-president of Mr Martinelli's CD party. Mr Henríquez was the architect of the political alliance with the Panameñistas. He served as deputy minister at his appointed ministry during the Partido Arnulfista (since renamed Panameñista) government of Mireya Moscoso (1999-2004).

\* Government and justice: Charged with tackling crime at the centre of the government's agenda, José Raúl Molino, a lawyer and president of one of the governing alliance's smaller members, Unión Patriótica (UP), will implement Mr Martinelli's "calles seguras" ("safe streets") policy, aimed at cutting crime rates. Mr Molino was an early advocate of the necessity of a broad alliance of parties in order to defeat the outgoing Partido Revolucionario Democrático (PRD) in the elections. The government and justice ministry was at the centre of controversy under the outgoing administration, when, amid growing public concern at rising crime rates, Daniel Delgado, the third minister in the space of four years, was revealed to have shot dead a fellow junior army officer in 1970.

\* Education: One of Mr Martinelli's most heavily criticised appointments was that of Televisora Nacional (one of the main terrestrial television channels, in which Mr Martinelli holds a stake) journalist, Lucy Molinar, to education. Ms Molinar, who has no previous experience in government or of educational matters, is likely to face difficult relations with powerful education unions whom she has criticised on her television show. Improving quality and access to education was one of the central themes of the Martinelli campaign.

\* Social development: Another Televisora host, Guillermo Ferrufino, a defector from the PRD running for Cambio Democrático, unseated outgoing President Martín Torrijos's aunt from the Legislative Assembly. His lack of previous government experience and of academic qualifications may foreshadow a diminished role for the social development ministry, despite social policy coming high among election campaign promises.

#### Inner circle of friends

Most other cabinet posts were appointed from among Mr Martinelli's circle of trusted friends or business associates. Minister of the presidency will be Jimmy Papadimitriou, who designed and managed Mr Martinelli's campaigns in both 2004 and 2009. Franklin Vergara, a specialist physician at the Caja de Seguro Social (CSS, social security institute), with whom Mr Martinelli worked closely during his tenure as head of the CSS under the Perez Balladares administration (1994-99), will head the health ministry.

The next minister of agriculture will be Víctor Manuel Pérez, a large-scale dairy farmer and supplier of Mr Martinelli's Super 99 supermarket chain, and one of the president-elect's oldest business associates. The Ministry of Public Works will be headed by Federico Suárez, an industrial engineer and chairman of a leading Panamanian construction company with which Mr Martinelli has business links. Minister for labour designate, Alma Cortez, is a long-time legal representative for Mr Martinelli's businesses. Real-estate executive, Carlos Dubois, will head the housing ministry, while president of the Panama Canal board of directors and minister without portfolio will be Romulo Roux, a lawyer from Panama's leading law firm.

Although Mr Martinelli plans to elevate the Autoridad de la Pequeña y Mediana Empresa (Authority for Small and Medium-sized Businesses) to the rank of ministry, his designation of Colombian-born Salomon Shamah to head the Autoridad del Turismo (APT, Panama Tourism Authority) will prevent similar plans for the tourism authority as ministers must be Panamanian citizens by birth. Mr Shamah was the creative director of the president-elect campaign, but has no previous tourism experience.

The most controversial of the president-elect's appointments proved to be not a cabinet post but the designation of Gustavo Pérez to head the Policía Nacional (the national police force). A long-time member of the PRD, Mr Pérez is a former member of the Fuerzas de Defensa, the Panamanian army disbanded in the wake of the 1989 US invasion to overthrow General Manuel Noriega. Mr Pérez rose to the rank of lieutenant and second-in-command of General Noriega's elite Unidad Especial Antiterror (Uesat, the so-called anti-terrorist unit used by the regime to suppress civil unrest). Uesat was involved

in a number of kidnappings of businessmen and journalists during the US invasion, including the death of two US civilians. Following the invasion, Mr Pérez was arrested for the abduction and death of a US national, but was freed owing to a lack of evidence. Since 1997 he has been head of security for the Panama Ports Company, a subsidiary of China-based Hutchison Whampoa, which administers the ports of Balboa and Cristobal

**Panama TLC: VP Lewis Navarro, 'Panamá no es un paraíso fiscal'**

**PANAMÁ, (ACAN-EFE)**

**20 junio 2009**

El primer vicepresidente y ministro de Relaciones Exteriores, Samuel Lewis Navarro, aseguró hoy que Panamá no es un "paraíso fiscal" y que las particularidades de su economía son perfectamente compatibles con la integración regional y la asociación económica con la Unión Europea y Estados Unidos.

"Panamá no es un paraíso fiscal, bajo ningún punto de vista, es una economía real, una economía pujante basada en servicios reales que se ofrecen (...), que ha creado un nicho. Creo que es válido ahora y que tiene perspectivas hacia el futuro", aseguró Lewis en una entrevista con Acan-Efe.

Las secuelas de la crisis financiera internacional colocaron hace meses a Panamá en el ojo del huracán y de los países del G-20. En abril, la Organización para la Cooperación y el Desarrollo Económico calificó a este país de "paraíso fiscal".

Además, lo incluyó en una lista de 38 naciones que se habían comprometido a respetar las normas internacionales sobre intercambio de información fiscal, pero no había materializado esas promesas.

"El modelo económico de Panamá funciona y tiene perspectivas muy positivas hacia el futuro, pero como cualquier modelo económico, tiene que ir evolucionando en el tiempo", reconoció Lewis a menos de dos semanas para que el gobierno del presidente Martín Torrijos concluya su mandato.

El jefe de la diplomacia panameña subrayó que "parte de la capacidad" que ha tenido Panamá para paliar los efectos de la crisis global "ha sido que la solidez de los distintos sectores económicos que se han venido construyendo en Panamá es real".

Como ejemplo, destacó el proyecto de ampliación del Canal.

"No es sentarnos a cosechar sobre el Canal actual sino emprender el proyecto más ambicioso que hemos emprendido los panameños en nuestra historia", dijo en referencia a la obra, de unos 5 mil 200 millones de dólares de presupuesto para "adecuar el canal a las necesidades del siglo XXI".

Además, aseguró que todos los sectores del país han venido adecuando "sus regulaciones, su supervisión, al punto que hoy el centro financiero panameño es considerado como uno de los centros mejor regulados, mejor supervisados".

Uno de los temas que más esfuerzos ocuparon a la Cancillería panameña en los últimos cinco años fue el Tratado de Promoción Comercial con Estados Unidos, un acuerdo firmado en 2007 y ratificado ese mismo año por el país del istmo, pero que aún aguarda la aprobación de los congresistas estadounidenses.

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**5. California: Supervisors expected to direct lobbyists to encourage Congress to approve trade agreements with Colombia and Panama**  
<http://www.myvalleynews.com/story/38580/>  
**Tuesday, June 16th, 2009 - Issue 25, Volume 9**

RIVERSIDE - The Riverside County Board of Supervisors is expected today to direct the county's Washington lobbyists to begin actively encouraging members of Congress to approve trade agreements with Colombia and Panama that county officials say will directly benefit the Inland Empire.

According to the county's Office of Foreign Trade, the U.S.-Colombia Free Trade Agreement and the U.S.-Panama Free Trade Agreement would permit virtually duty-free exportation of 60 percent or more of Riverside County manufacturers' products into those two countries.

According to the Office of the U.S. Trade Representative, a trade pact with Colombia was reached in November 2006, but awaits Congressional approval.

The agreement calls for phasing out tariffs and product quotas on American-made goods shipped to the South American country.

The U.S. International Trade Commission estimates U.S. exports might grow by \$1.1 billion, and imports from Colombia to the U.S. might increase by \$487 million.

However, by enacting the agreement, trade restrictions that protect U.S. sugar producers would be dropped, exposing that sector to cheaper competition and potential job losses, the ITC found.

In its report to the supervisors, the county's Office of Foreign Trade said the Colombian pact would eliminate duties on 80 percent of products manufactured in the county and shipped to Colombia, "opening more markets to exports by the 1,020 manufacturers located in our county."

The Panama Free Trade Agreement was drafted in June 2007, but has met resistance in Congress and, lately, the White House. Last month, 55 Democrat legislators wrote a letter to House Speaker Nancy Pelosi complaining the trade pact will undercut efforts to protect American jobs and enact financial reforms.

"We are disturbed by Panama's tax haven status and the use of this haven by U.S. financial institutions," the letter stated. "The U.S. is currently contemplating stricter financial regulations to protect our economy, but the Panama FTA will likely weaken any such effort."

The Obama administration recently pulled its support for the agreement, saying it should be renegotiated.

According to the county's Office of Foreign Trade, 97 percent of Panama's exports to the U.S. enjoy tariff-free status, while American-made products and U.S. agricultural shipments to Panama are taxed.

If the agreement were enacted today, 88 percent of goods manufactured in Riverside County would enter Panama duty-free, county officials said.

Similarly, over the next 15 years, tariffs on the county's agri-business exports to Panama would be completely phased out under the agreement, according to the Office of Foreign Trade.

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## **6. Border Companies Thrive on Mexican-Americans**

**A warehouse in Compton, Calif., for Viz Cattle, the American unit of Mexico's SuKarne Global. A company official said Viz sold \$80 million of Mexican beef in the United States last year.**

**By JAMES FLANIGAN**

**www.nytimes.com - June 17, 2009**

MEXICO'S economy has suffered a series of blows in recent months — drug violence, swine flu and the worldwide economic downturn. Yet some companies on each side of the border with the United States are prospering because they serve the expanding Mexican-American market in the United States.

A new economy is emerging that builds on the economic relationship between the countries. Exports and imports between Mexico and the United States have grown rapidly in the last decade, to close to \$400 billion annually. And now trade is taking on new complexity, with operations in Southern California sometimes serving as Mexico's link to the global economy.

Viz Cattle Corporation, for example, the American division of Mexico's SuKarne Global, handles exports of Mexican beef to Japan and South Korea, through contracts made in Compton, Calif. The beef originates in SuKarne's home base in Culiacán, Sinaloa, in northwest Mexico. "Japanese and Korean executives buy here, and they go to inspect the ranches in Mexico, too," said Jesus Tarriba, manager of Viz Cattle's warehouse operation in Compton, in southeast Los Angeles County. "Last year we sold \$40 million of beef to Japan and Korea and \$80 million here in the U.S."

Viz Cattle has grown rapidly, from less than \$10 million in revenue five years ago to \$120 million in 2008. And it is doing well this year despite the downturn, Mr. Tarriba said. Its main business is importing beef from Mexico for American restaurants and retailers. "We specialize in smaller cuts of rib-eye and strip steaks because Mexican ranches slaughter livestock at younger ages than American ranches," Mr. Tarriba said. "Restaurants like those cuts."

Viz Cattle and other food companies on the border have also capitalized on the expanding Latino population across the United States and the changing tastes of the public.

"Chipotle was unknown here five years ago," Marcelo Sada, president of Source Logistics Center Corporation, said of the smoked jalapeño pepper in many Mexican foods and sauces. Mr. Sada's company, based in Montebello, Calif., imports bakery and soft drink products from Mexico.

Martinez Brands/Tequila Holdings Inc., from Pasadena, Calif., has also been a beneficiary of the growing American taste for Mexican products. "Tequila is the fastest growing liquor variety in the United States for the last seven years," said Javier Martinez, president of Martinez Brands. "And why? Because young Americans vacation in Mexico and associate tequila with fun, freedom and friendship."

Business is good as well, for Inter-Con Security Systems, a company also based in Pasadena, that protects State Department installations in the United States and abroad as well as private businesses, hospitals and sports arenas, said Carlo Gobelli, who leads Mexican operations. "Security is in very great demand, to guard executives and company operations and also shipments of goods," Mr. Gobelli said.

Inter-Con employs 6,500 people in Mexico; the company has 30,000 employees over all. "A new concern here," Mr. Gobelli said, "is that we are getting demands to protect pharmaceutical laboratories against theft of key ingredients that drug gangs can use."

Still, some companies are seeing a more mixed picture. ICS Group Inc. of Rolling Hills Estates, in southwest Los Angeles County, represents Carlisle Companies' roofing and building products in Mexico and Latin America, said, "Right now, American companies are holding back from investing in Mexico and are not sending their personnel because of dangers from the drug wars," said Mark Aston, the president of ICS.

But he credited business in the Caribbean with helping the company's annual revenues grow to an estimated \$15 million this year from \$300,000 in 2004. "Mexican business people and investors are confident that when this recession ends, Mexico will do well again," he said.

Mr. Gobelli and other Mexican executives generally agreed that the economy's overall outlook was positive. "The businessmen say, 'This crisis did not start here in Mexico' as have so many crises in the past. It started in the U.S. and the world," Mr. Gobelli said. "Therefore, they say, when the U.S. and the world recover, Mexico will too."

Meanwhile, the slow American economy and moves to control illegal immigration with increased border patrols and raids on domestic job sites have reduced migration from Mexico. So remittances to families in Mexico from people working in the United States have declined sharply in the last year. But the Latino population in the United States has grown as a result of children born to immigrants in recent decades. That Latino population is 45 million, according to the Pew Hispanic Center.

This has led to more online commerce with Mexico and other shifts in the marketplace, said Hector Orci, co-founder of La Agencia de Orci, an advertising agency in Los Angeles. "For example, Liverpool department stores in Mexico sell online to people here and the goods can be delivered to their mother living in Mexico," Mr. Orci said.

Spanish-language media is also shifting to more use of English language commercials and programs, he said. So Mr. Orci is building a new division of his agency, called One Plus Two, for the population that speaks English but enjoys Spanish language programming like telenovelas from Mexico.

"Online use is very high among Latinos, maybe 20 million people using broadband Internet," said Michele Ruiz, a former television anchorwoman who started the Saber Hacer (to know, to do) Web site in 2007. The site offers advice to Latinos on such subjects as parenting, personal finance, health and medicine and college preparation.

Ms. Ruiz said she had raised \$700,000 to start the Web site and investors have now put in "several million more." The site has close to 200,000 visitors, Ms. Ruiz said, and she is looking to private equity funds and other investors to raise an additional \$5 million.

She wants to expand the Web site's reach and content, which includes presentations in English or Spanish on the importance of annual mammograms, on how to write résumés and apply for positions and how to talk to your doctor or your children about sex. "We understand the culture and how people think," she said.

"David E. Lewis" wrote:

**FTA UPDATES FROM MANCHESTER TRADE - JUNE 12, 2009**

"FTA Updates" is a periodic business information service provided by Manchester Trade Ltd., an international trade and business advisory firm in Washington, DC representing business and government clients in the Americas on trade, investment, financial, and legislative issues in the US and hemispheric markets.

If interested in our services and assistance please contact us directly at:

DavidLewis@ManchesterTrade.com

Tel 202-331-9464

1. US trade updates
2. FTA agenda: Panama, Colombia, Congress
3. Obama-Uribe on FTA
4. Bogota business profile

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### 3. FITA'S FEATURED COUNTRY: BRAZIL

<http://www.braziltradenet.gov.br>

Brazil is the largest economy in Latin America and the world's ninth largest economy. Already a global power in agriculture and natural resources, the country has also become an oil superpower, with massive recent oil discoveries. So far Brazil has been relatively sheltered from the economic crisis, due to a global boom in commodities prices. The country's main exports are agricultural products and allied sectors like forestry, logging and fishing. Read more about Brazil's agriculture economy at the [Brazil Briefing Room](#) from the US Department of Agriculture. And keep an eye on news from Brazil at [Brazzil.com](#) to see how the economy weathers the recession.

Besides the agricultural sector, mining, manufacturing and services are Brazil's other economic drivers. Major exported products include oil, steelmaking materials, semi-finished iron and steel products, industrial organic chemicals, aircrafts, engine parts, footwear & textile, electrical equipments. Find more statistics on the website of the [Brazil Statistics Office](#) (in Portuguese).

Foreign investors mostly look at cities where there are high concentrations of industry and technology industries, such as São Paulo, Rio de Janeiro, Campinas, Porto Alegre. Brazil's main imports include fuel, energy and capital goods. It also imports computer accessories, civilian aircraft parts & engines, organic chemicals, oil field drilling equipment, plastics, semi-conductors, chemical fertilizers, and pharmaceutical preparations. For comprehensive information about trade with and investment in the country, visit [Brazil Trade Net](#), the trade promotion portal of Brazil's Ministry of External Relations.

And also look at the websites of the [Brazil-U.S. Business Council](#) in Washington, the [Canada-Brazil Trade Portal](#) from Export Development Canada, and FITA members [Brazilian-American Chamber of Commerce](#) in NY, [Brazil-California Chamber of Commerce](#), [Brazilian-American Chamber of Commerce of Florida](#) and the [Brazilian-American Chamber of Commerce of Georgia](#). And don't forget [FITTA's Brazil Miniportal](#) for yet more Brazil links and resources.

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#### 4. INTERNATIONAL MARKETING: BRUSH UP ON YOUR INTERNATIONAL MARKETING SKILLS (FITTA)

[http://www.marketingteacher.com/Lessonstore.htm#international\\_marketing](http://www.marketingteacher.com/Lessonstore.htm#international_marketing)

Do you want to brush up on what international marketing is and how you can use it? We have found the website for you. [Marketing Teacher's Free Lesson Store](#) explains concepts of international marketing and how to implement them. An international marketing MBA on one website! Take a look.

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#### 5. BUSINESS.GOV: THE GOVERNMENT IS HERE TO HELP (FITTA)

<http://business.gov/expand/import-export/>

Don't know [how to get started in international trade](#)? The US government is here to help! Business.gov is an official US federal government website that serves as a one-stop shop for everything you need to know about setting up and running a small business. And the [import-export section](#) brings together all basic information you need to get started. Check out articles about [obtaining export financing](#), [how to import into the US](#), [how trade agreements can help your business](#) and much more.

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#### 6. CANADA ASKS FOR TALKS ON 'BUY AMERICAN' ISSUE...RECIPROCAL ACCESS TO LOCAL AND MUNICIPAL GOVERNMENT PROCUREMENT CONTRACTS (JOURNAL OF COMMERCE)

**Alan M. Field | Jun 26, 2009 2:35PM GMT**

*The Journal of Commerce Online - News Story*

Canadian trade officials would like to discuss with U.S. counterparts an agreement that would enable U.S. and Canadian companies to have reciprocal access to local and municipal government procurement contracts.

Canadian Trade Minister Stockwell Day asked U.S. Trade Representative Ron Kirk today to “explore” such a deal, which would permit Canadian suppliers to continue to bid for U.S. local and municipal governments, despite "Buy American" provisions in the current U.S. economic stimulus plan. The two countries already have an agreement governing reciprocal access to government contracts on a federal level.

Although the idea has been widely discussed, this is the first time that the Canadian government has brought the idea directly to the Obama administration.

According to Canadian officials, Kirk told Day that he would look at a Canadian proposal without making any commitments. The two met at a session of the Organization for Economic Co-operation and Development in Paris, where Day again raised concerns about the Buy American provisions attached to the massive U.S. stimulus bill.

Canadian Finance Minister Jim Flaherty flew to Washington on Wednesday to press Canada's case with senior lawmakers, including John Kerry, the Massachusetts senator who chairs the powerful Senate foreign relations committee.

“These protectionist, Buy American measures, and that sentiment in Congress, is directed at other countries and not Canada, that was quite clear in our discussions,” Flaherty told reporters after the meetings. “There was a recognition of the mutual self-interest there is here between Canada and the United States in trying to avoid these kinds of measures.”

Contact Alan Field at [afield@joc.com](mailto:afield@joc.com).

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## 7. OFFICE OF THE US TRADE REPRESENTATIVE NEWSLETTER

### **Ambassador Ron Kirk Announces WTO Case Against China Over Export Restraints on Raw Materials**

*June 23, 2009*

**Washington, D.C** - U.S. Trade Representative Ron Kirk announced today that the United States has requested World Trade Organization (WTO) dispute settlement consultations with the People's Republic of China regarding China's export restraints on numerous important raw materials. China's measures appear to be part of a troubling industrial policy aimed at providing substantial competitive advantages for the Chinese industries using these inputs. The materials at issue are: bauxite, coke, fluorspar, magnesium, manganese, silicon metal, silicon carbide, yellow phosphorus, and zinc. These are key inputs for numerous downstream products in the steel, aluminum, and chemical sectors across the globe. China ranks as a top global producer of these materials. The European Union also requested formal WTO consultations with China on this matter today.

**"We are going to the WTO today to enforce our rights, so we can provide American manufacturers with a fair competitive environment and put more American workers back on the job,"** Ambassador Kirk said. **"China is a leading global producer and exporter of the raw materials in question, and access to these materials is critical for U.S. industrial manufacturers. The United States is very concerned that China appears to be restricting the exports of these materials for the benefit of their domestic industries, despite strong**

## WTO rules designed to discipline export restraints."

To read more about the announcement, please [click here](#). For more information on the case, please [click here](#).

Also available on the website are [video](#) and [transcript](#) of the press conference.

# # #

## Secretary Gary Locke and USTR Ron Kirk Call on China To Revoke Mandatory Internet Filtering Software

*June 24, 2009*

**Washington, D.C.** - Today U.S. Secretary of Commerce Gary Locke and U.S. Trade Representative Ron Kirk sent a joint letter to their counterparts in China's Ministry of Industry and Information Technology (MIIT) and Ministry of Commerce (MOFCOM) urging China to revoke a proposed rule (Circular 226) that would mandate that all computers produced and sold in China pre-install a widely-criticized Chinese Internet filtering program called Green Dam. This proposed measure is scheduled to take effect on July 1, 2009.

The letter points out that the proposed new rule raises fundamental questions regarding regulatory transparency and notes concerns about compliance with World Trade Organization (WTO) rules, such as notification obligations. Locke and Kirk also listed for MIIT Minister Li Yizhong and MOFCOM Minister Chen Deming numerous concerns raised by global technology companies, Chinese citizens, and the worldwide media about the stability of the software, the scope and extent of the filtering activities and its security weaknesses. All of these problems have serious implications for consumers and businesses.

**"China is putting companies in an untenable position by requiring them, with virtually no public notice, to pre-install software that appears to have broad-based censorship implications and network security issues,"** Locke said.

**"Protecting children from inappropriate content is a legitimate objective, but this is an inappropriate means and is likely to have a broader scope. Mandating technically flawed Green Dam software and denying manufacturers and consumers freedom to select filtering software is an unnecessary and unjustified means to achieve that objective, and poses a serious barrier to trade,"** Kirk said.

Both U.S. government officials offered China an opportunity to exchange views with U.S. and Chinese government and industry officials on ways in which parental control software can be promoted in the market consistent with the goals of user choice, system reliability, freedom of expression, and the free flow of information.

# # #

## Statement of United States Trade Representative Ron Kirk Following the 2009 OECD Ministerial Council Meeting

*June 25, 2009*

**Paris, France** - United States Trade Representative Ron Kirk issued a brief statement today at the conclusion of the 2009 OECD Ministerial Council Meeting. While attending the Paris meeting, Ambassador Kirk met with a number of key trade ministers and other leaders to discuss international trade policies and the future of the Doha round of world trade talks. From Ambassador Kirk:

**"I was pleased this week to make my first visit to the OECD as United States Trade Representative. The office of the United States Trade Representative is working to ensure that trade serves as a pillar of America's economic recovery - one that sustains and creates the better-paying jobs that American workers want and need in these tough times.**

**"This week at the OECD, my trade counterparts and I have agreed: nations need trade to aid our recoveries. Open markets can help us fight the economic crisis together.**

**"In this context, few issues have been more important in our discussions than the Doha round of trade talks. A good Doha deal can boost global trade well into the next decade, while providing a significant development result. I have reiterated at senior official-level meetings in Geneva, at the Cairns Group in Bali, and here in Paris that the United States wants a balanced and ambitious Doha agreement as quickly as possible, with meaningful new market access for all.**

**"To move forward, we must build creatively on the progress made so far, with intensified multilateral work in Geneva and serious bilateral engagement among key partners.**

**"OECD members and all of the world's nations should work together to keep trade flowing, and to speed global economic recovery."**

# # #

## **Remarks by Ambassador Ron Kirk at the OECD Ministerial Council Meeting Session**

*June 25, 2009*

**Paris, France** - Ambassador Ron Kirk participated in the OECD Session "Keeping Markets Open for Trade and Investment." He was joined by Deputy U.S. Trade Representative Peter Allgeier and Deputy Secretary of State for Management and Resources.

To see his full remarks, please [click here](#).

### *Selected comments:*

"It's my pleasure to join you for the first time at the OECD. Now, all of us are here because the OECD has a critical role to play in helping us advance our shared agenda of ensuring a strong and dynamic global trading system that can generate sustained economic growth and overcome the challenges of this current global economic crisis....

"At the national level, we need to work to keep vigilant about how we respond to this economic

crisis. We think the last WTO report on responses to the crisis actually shows the situation better than some predicted. And we thank the WTO for giving us a rules-based system to review procedures and the very visible individual monitoring of countries that is needed."

# # #

## **Trade Ministers Call for Greater Cooperation on Making Trade and Environmental Protection Mutually Supportive**

*June 24, 2009*

**Washington, D.C.** - Today United States Trade Representative Ron Kirk joined his NAFTA counterparts in writing to the environment ministers from the United States, Canada and Mexico to encourage greater cooperation between the NAFTA Free Trade Commission (FTC) and the Commission for Environmental Cooperation (CEC) on working to ensure that the trade and environmental policies of each of the three countries are mutually supportive. In commenting on the letters, Ambassador Kirk noted that "improving cooperation between the FTC and the CEC is the type of action that will help us to meet President Obama's priority of seeking to improve how NAFTA works for the environment." The letters note the important contributions that the CEC has made toward achieving the environmental goals of the NAFTA. The CEC is led by Environmental Protection Agency Administrator Lisa Jackson and her ministerial counterparts from Mexico and Canada.

The letters also note that there is more that can be done to achieve these goals. Ambassador Kirk, Minister Stockwell Day of Canada, and Secretary Gerardo Ruiz Mateos of Mexico pledged to explore new opportunities to collaborate more closely with the CEC to promote mutually supportive policies on trade and environmental protection in North America. In discussing the importance of achieving this goal, Ambassador Kirk noted that President Obama has called upon the NAFTA parties to work to ensure that the NAFTA is supportive of the environment.

### **BACKGROUND:**

The NAFTA FTC is comprised of the ministers responsible for trade from the United States, Canada and Mexico: United States Trade Representative Ron Kirk, Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway Stockwell Day and Mexico's Secretary of the Economy Gerardo Ruiz Mateos. The FTC is responsible for the implementation of the NAFTA.

When they entered into the NAFTA, the United States, Canada and Mexico also entered into the North American Agreement on Environmental Cooperation (NAAEC), in part, to achieve the environmental goals of the NAFTA. The NAAEC established the CEC, which is governed by a Council currently comprised of U.S. Environmental Protection Agency Administrator Lisa Jackson, Canada's Minister of the Environment Jim Prentice and Mexico's Secretary for Environment and Natural Resources Juan Rafael Elvira. The CEC implements a cooperative agenda set by the Council on various trilateral environmental issues, including work on trade and environment issues. The Council held its annual meeting in Denver, Colorado this week.

To read the letters, please [click here](#).

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## **8. U.S. TRADE FREEZE COULD BE SLOWLY THAWING (REUTERS VIA GLOBAL UTAH)**

After months of little U.S. action on trade, there are signs the issue could become more important for President Barack Obama, who heads to Italy in early July to meet with major trading partners.

“We’ve got to stop talking about trade as on the second page of the agenda, and put it on the first page of the agenda, along with the stimulus, education and healthcare,” U.S. Trade Representative Ron Kirk said recently.

Trade has long been a divisive issue for Democrats, many of whom blame trade deals like the North American Free Trade Agreement for manufacturing job losses.

Obama, who criticized NAFTA during last year’s campaign, has moved slowly to build a new bipartisan consensus on trade while pushing more forcefully on domestic concerns like health care reform and climate change legislation.

A senior Republican accused the Democratic president of stalling on three pending free trade agreements with Panama, Colombia and South Korea and criticized the Democratic majority in Congress for not living up to deals made two years ago to help pass the pacts.

“All we’ve seen is false starts from the administration, and even more backsliding from the majority party, particularly in the House,” Senator Charles Grassley said.

But Ed Gresser, global economy director for the Democratic Leadership Council, said he remained optimistic the trade deals would eventually be approved.

#### ‘BIG ACHIEVEMENT’

“They’ve only been in office for five months and they’ve got some pretty big problems to deal with that they inherited. People have to be a little bit patient,” Gresser said.

“If we get through this crisis without a big unraveling of the system, that’s a big achievement,” Gresser said, giving Obama high grades for resisting protectionism.

But the fact that many Democrats blame trade agreements for job losses does not mean Obama can postpone votes on the free trade pacts forever, Gresser said.

Obama “has to grapple with trade in a way that supports the image of the United States as a leader and a guarantor of the global economy, rather than a disrupter,” he said.

Obama is expected to deliver a speech in the coming weeks or months outlining his views on trade.

White House officials provide no date for that speech, but analysts hope it will signal the start of a more aggressive administration effort to win approval of the pending trade deals and to reinvigorate the Doha round of world trade talks, now in its eighth year.

## G8 PRESSURE

Obama is expected to face pressure to move on the Doha round early next month, when he travels to Italy to meet with other leaders of the Group of Eight nations.

“For many of the closest allies of the United States ... international trade and investment policy is a critical element of the overall relationship and it is essential that the United States demonstrate leadership,” said Dan Price, who was a top White House adviser to former President George W. Bush.

Kirk, Obama’s top trade official, has made “very constructive statements” about the U.S. desire to conclude Doha and pursue trade liberalization generally, but “it is still early days in terms of seeing specific proposals,” Price said.

Trading partners are still waiting to learn whether Obama will follow through on a Bush administration free trade initiative in the Asia Pacific region and bilateral investment treaty talks with China, Russia and India, he said.

Obama is probably moving about as quickly as politically possible on trade, said Jeffrey Schott, a senior fellow at the Peterson Institute on International Economics.

“The immensity of the economic problem and the sharp recession and the sharp spike in unemployment have created a very difficult political environment in which to pursue trade policy,” Schott said.

As the economy improves and the government moves to shore up the social safety net, it should be easier for Obama to pursue a pro-trade agenda, he said. (Additional reporting by Roberta Rampton and Susan Cornwell; Editing by Jackie Frank)

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## 9. CZECH TRADE FOCUS 2009 (US Commercial Service)

[Czech Trade Focus June 2009](#)- News from the Czech Commercial Offices in the United States

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## **Montana District Export Council's Special Section: DEC Issues**

### **1. MONTANA DISTRICT EXPORT COUNCIL'S SPECIAL SECTION: DEC ISSUES**

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