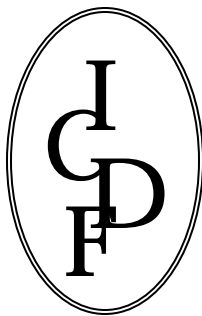


COMMERCIAL DIPLOMAT



The Commercial Diplomat is the quarterly newsletter of the International Commercial Diplomacy Forum, an alumni organization designed to enhance members knowledge of a cross-sector of current and emerging international trade policy issues. It is a network that brings Commercial Diplomats to the forefront of international trade policy.

COMMERCIAL DIPLOMACY: A NEW PROFESSION

By Geza Feketekuty

The world of trade and international commerce is becoming more important and challenging every day. Global markets are far more integrated than ever before. Firms are expanding their multinational production networks. Governments are negotiating far-reaching trade agreements. We live in a world where more and more business executives and government officials have to work and negotiate with people from other countries. These countries have different laws and institutions, follow different business practices, speak different languages, and are influenced by different cultural norms.

The new global economy has created a demand for business executives and government officials who can manage complex international economic relationships effectively. Corporations need executives who can negotiate joint ventures, contracts and sales agreements with foreign-

based companies, as well as manage relationships with a wide range of governments around the world. Governments need officials who can negotiate agreements and who can help to resolve conflicts among nations in a wide range of commercial, social, environmental and other domestic issues related to trade.

Business executives and officials who deal with international commercial issues require a new kind of professional training in the public and private conduct of commercial diplomacy. This new breed of commercial diplomat combines the role of diplomat with the role of economic manager. The modern commercial diplomat masters this new global dimension of commerce.

Members of the International Commercial Diplomacy Forum (ICDF) hold the unique Master of Arts in Commercial Diplomacy degree from the Monterey Institute of International Studies, in Monterey, California. They are

among the first generation of modern commercial diplomats.

Geza Feketekuty, Former Senior Assistant U.S. Trade Representative and Chairman of the Organization of Economic Cooperation and Development Trade Committee, is currently a trade consultant and professor of Commercial Diplomacy at the Monterey Institute of International Studies.



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VENEZUELA: ON THE AGRICULTURAL TRADE RADAR

By Heather Grell

In February, a new Venezuelan Government came into power with the election of President Hugo Chavez. In addition to re-writing the country's constitution, the new government also began restructuring Venezuela's political and economic regimes. An important aspect of this effort was the merging of its Ministry of Trade with the Ministry of

Agriculture, creating the new Ministry of Production and Commerce (MPC).

Venezuela's new government basically wiped the slate clean of its domestic and international agricultural policies. The subsequent drop in prices of oil—one of Venezuela's most important commodities—in the early 1990's confirmed that the out-

dated policies needed to change. Venezuela had to diversify its economy, expanding opportunities in other sectors.

To assist Venezuela in restructuring its agricultural sector, the Venezuela-U.S. Agricultural Commission was resurrected to address agricultural policies and to provide a forum for dialogue (continued on page 3)

ALUM IN THE SPOTLIGHT: JASON BUNTIN

Alum In The Spotlight is a quarterly article to highlight the career of a Commercial Diplomat.

After graduating with his Master of Arts in Commercial Diplomacy, Jason Buntin began working for the International Trade Administration at the Department of Commerce (DOC). Originally, he monitored foreign government's compliance with the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and bilateral intellectual property rights (IPR) agreements. He analyzed various countries' IPR regimes and developed consensus recom-

mendations for the annual Special 301 review.

Jason assisted in the preparations for the U.S.-Russia Working Group on IPR, working closely with other Washington agencies to analyze the extent to which Russia has fulfilled its IPR obligations under the U.S.-Russia bilateral trade agreement and its future obligations under the WTO TRIPs Agreement. Jason prepared briefing materials on the status of WTO Dispute Settlement consultations with several Members and prepared materials for use in the WTO Trade Policy Review Body on protection of intellectual property.

At the end of August 1999, Jason took over responsibility for monitoring foreign government compliance with the WTO Agreement on Technical Barriers to Trade (TBT).

Jason recently accepted a position with the United States Trade Representative in the Office of Europe and the Mediterranean. Congratulations Jason!

ELEMENTS OF A FUTURE TAX SYSTEM:

- Be radically simplified;
- Be created in a feasible time frame;
- Prohibit new Internet taxes;
- Maintain a level playing field;
- Remove the tax collection burden from the seller;
- Avoid out-of-state discrimination;
- Protect consumer privacy;
- Guarantee transparency;
- Preserve states sovereignty;
- Eliminate multiple audits; and
- Ensure international scalability.

TO TAX OR NOT TO TAX: THE FUTURE OF TAXATION ON THE INTERNET

By Courtenay Carr

It is an ongoing controversy, "Should the U.S. tax the Internet?" The rest of the world is watching closely to see how the U.S. responds. As it stands now, the existing moratorium on taxing the Internet expires in the fall of 2001. Until that time, the Advisory Commission on Electronic Commerce, appointed by Congress under the Internet Tax Freedom Act, is tasked with providing recommendations to Congress by April 2000. The Commission consists of representatives from Federal, State and Lo-

cal governments and the electronic commerce industry. The Commission most recently met in New York on September 14-15, to listen to expert panels and to further discuss the future of local, state, and federal tax issues associated with Internet access, telecommunications, and electronic commerce.

Over 20 experts presented their views and proposals to the Commission. After a day and a half of discussion the Commission drafted criteria to be included in a future "system." (See side box.)

It was clear from the initial dis-

cussion that the telecommunications tax system in the U.S. is excessively complicated and extremely burdensome. It should be completely restructured and should not be carried over into an Internet tax system if the Commission recommends enacting an Internet user fee. Grover Norquist, a Commissioner, proposed an immediate 3% cut in telecom taxes.

There was a number of compelling arguments from all sides. Many agreed that there needs to be a level playing field for all
(continued on page 3)

ALUMNI ON THE MOVE

Alumni On The Move is a quarterly update on the contributions of Commercial Diplomats in the international trade policy sector. Send updates to commercialdiplomat@hotmail.com.

- **Anne Dawson** ('99) of the U.S. Department of Agriculture (USDA) led nine companies on a January trade mission to Costa Rica and Panama to meet with potential buyers of U.S. agricultural products.
- In March, **Jim Golsen** ('97) represented the Department of

Commerce at a Foreign Commercial Service seminar, assessing business opportunities in the United Kingdom. In August, Jim and New Hampshire Governor Shaheen traveled to St. Louis, Missouri, to unveil the "One Stop Trade Shop" website he created, which coordinates state and federal trade-development resources. (<http://onestopshop.doc.gov>)

- **Sarah Gray** ('98) of Etec Systems, Inc., will travel to Germany in October to meet with represen-

tatives of the company's European offices. They will discuss service issues related to capital microlithography equipment for the semiconductor industry.

- In May, **Heather Grell** ('98) of USDA organized the North American Pesticide Meeting in Washington, D.C., focusing on the harmonization of the U.S.-Canadian pesticide registration process.

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VENEZUELA

(from page 1) on matters of mutual concern.

In preparation for the October Commission in Washington, D.C., a U.S. Department of Agriculture (USDA) preparatory team traveled to Caracas, Venezuela, to discuss domestic and international agricultural policies, which included field extension, food safety, animal and plant health, domestic agricultural and international agricultural trade policies. Working groups made up of USDA representatives and MPC Venezuelan officials laid the foundation for the 1999 Commission.

At the October Venezuela-U.S. Agricultural Commission, parties

from both sides engaged in constructive dialogue. They emphasized the link between domestic and international policies, recognizing that they cannot be established independently of each other if a country wishes to participate fully in the international trading community. The Commission's Co-Chairs, USDA Deputy Under Secretary James Schroeder and Venezuelan Vice Minister of Production and Commerce General Orlando Navas, prioritized the challenges and opportunities of implementing domestic and international agricultural policies consistent with the World Trade Organization. Both countries recognized that

this is an area for further cooperation to strengthen trade between the United States and Venezuela.

The United States and Venezuela agreed to meet again on policy issues at the 2000 Agricultural Commission in Venezuela.

Heather Grell is an International Economist at the USDA Foreign Agricultural Service, International Trade Policy Division Office of Asia and the Americas. She was a member of the USDA team that traveled to Venezuela where she led the agricultural policy-working group



SUMMER SPEAKER SERIES 1999

The International Commercial Diplomacy Forum (ICDF) provides an opportunity for Commercial Diplomats to network with key trade officials in Washington D.C. ICDF meetings introduce members to the trade community. This past summer, alumni met with:

Tim Bennett, Senior Vice President of the International Group at the *American Electronics Association (AEA)*. He is responsible for trade issues for the 3000 member companies of AEA. Prior to joining AEA, Mr. Ben-

nett served at the Office of the United States Trade Representative (USTR).

Richard Brown, Chief of the Services and Investment Division (SID) at the *U.S. International Trade Commission (USITC)*, an independent, nonpartisan federal agency with quasi-judicial and trade analysis functions. Mr. Brown started at USITC in 1988 and leads SID in assessing trade in all service industries and direct investment capital flows.

Alan Wolff, managing partner in

Dewey Ballantine LLP's Washington office. Wolff leads the firm's international trade practice, representing a broad range of corporations and trade associations. He previously served with the USTR as a U.S. Deputy Special Representative for Trade Negotiations in the European Union and Japan.

Steve Lande, *President of Manchester Trade*, a trade consulting firm specializing in developing countries. Before entering the private sector, Mr. Lande served as Assistant USTR for Develop-

ing Countries and was a foreign service officer in Greece and Luxemburg.

Bob Vastine, is the President of the *Coalition of Service Industries (CSI)*, an organization that represents the interests of the U.S. service sector. Prior to joining CSI, Mr. Vastine served in Washington as President of the Congressional Economic Leadership Institute and has extensive experience on Capital Hill.

TAXING THE INTERNET

(from page 2) merchants and, therefore, maintained that the U.S. government must not exempt the Internet from sales tax. A number of the Commissioners reminded participants that states need sales tax revenue for schools and social programs. This statement was countered by a few who stated that because most Internet transactions are business-to-business, revenues generated would be so small that it is not worth hindering Internet growth by collecting taxes.

Another argument is that due to the difficulty collecting taxes from Internet sales, it is vital to create a simple, uniform system, possibly a one-rate per state system that does not hinder Internet growth.

An ongoing concern of many is to ensure that any taxing of the Internet does not increase the "Digital Divide," which is the divide between low-income and high-income Internet usage, as defined by the Department of Commerce.

The Commission is still in the process of refining the criteria list which will be subject to public comment once it is issued. The Commission will be meeting again in December in San Francisco, CA, to discuss International Internet tariff issues. The U.S. government position is to support a duty-free Internet.

Courtenay Carr, a Trade Analyst at JBC International, a trade-consulting firm in Washington D.C., is responsible for monitoring e-commerce issues.

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International Commercial Diplomacy Forum

935 1/2 T ST. NW
Washington, D.C. 20001

Phone: 202-232-2588
Email: commercialdiplomat@hotmail.com

SEND YOUR UPDATES TO:
commercialdiplomat@hotmail.com

ON THE MOVE

(from page 2) Following the meeting, Heather traveled to Ottawa, Canada to discuss U.S.-Canadian grain trade issues with AgCanada officials.

• **Steve Hatley** ('99), a Presidential Management Intern at the Department of Transportation, traveled to Atlanta, Georgia, in September as a member of the Secretary of Transportation's advance team for the U.S.-Africa Transportation Ministerial.

• In June, **Mike Nunes** ('98) of the U.S. International Trade Commission (USITC) traveled to Memphis, Tennessee, where he met with top-level executives from the Federal Express Corporation. They discussed strategies to include the express services industry on the agenda for the next round of WTO negotiations.

• **Torie Waite** ('99) of USITC

will be traveling to Chicago in October to attend an International Trade in Finance Conference.

MAY 2000 GRADUATES

Look for the biographies of the May 2000 Commercial Diplomacy graduates in the January edition:

Tomoko Endo - Dean Sweat
Andrew Dyer - Michael Nogen
Neal Wavra - Karine Macri
Jennifer Janke - Nicole Martin
Natalia Popova - S. Anthony Grasso
Lisa Sandblom - Dawei Cheng
Rachel Kreissl - Dora Majoros
Tetsuya Ishizuka - Jill Stoffers
Massimo Geloso Grosso
Isabelle Tuncer - Andreas Bauer
Beverly Carr

Upcoming Events

ICDF Networking Meeting: October 19, 1999, 6:15pm
Intel, 1634 Eye Street, Washington, D.C.

Speaker: Michael Maibach, Vice President of Government Relations, Intel.
Happy Hour/Official Launching of ICDF: October 20, 1999, 6:30pm, JBC International, 1620 Eye Street, Suite 615, Washington, D.C.

Electronic Commerce in the Global Economy: October 21, 1999, American Enterprise Institute (AEI), Washington, D.C.
Contact AEI at (202) 862-5834.

Program on Trade Implications of Genetically Modified Organisms:
October 21, 1999, 8:00am, Hotel Washington, Washington, D.C.
Contact Washington International Trade Association (WITA) at (202) 312-1600.

Women in International Trade (WIIT) Luncheon on Hong Kong issues:
October 27, 1999, Hotel Washington, Washington, D.C.
Contact Nell Weiss at (202) 797-3393.

Georgetown University Lecture on US-China Relations: October 27, 1999, GU Intercultural Center, Washington, D.C.

Contact GU at (202) 965-5735, ext. 3006.

Free Trade Area of the Americas Ministerial:

November 3-4, 1999, Toronto, Ontario, Canada

World Services Congress: November 1-3, 1999, Atlanta, GA.

Contact Coalition of Service Industries at (202) 289-7460

World Trade Ministerial: November 30 - December 3, 1999, Seattle, WA.

Aviation in the 21st Century Conference: December 5-7, 1999, Chicago, IL.