



Issue Insight

May 2006

BritishAmerican Business Action:

▶ **Joint BritishAmerican Business and RUSI event—Lunch with Kenneth J. Krieg**

On 27 April BritishAmerican Business and the Royal United Services Institute for Defence and Security Studies (RUSI) held a joint event with Kenneth J. Krieg, Under Secretary of Defense for Acquisition, Technology and Logistics. The Honorable Kenneth J. Krieg reiterated that the US Government now had an end of June deadline to review the technology transfer issue as it applied to the Joint Strike Fighter project. BritishAmerican Business will be following developments in this area to see whether ITAR (International Traffic Arms Regulation) restrictions will be lessened with respect to the UK.

▶ **New BritishAmerican Business Healthcare Forum**

On 12 and 18 April, BritishAmerican Business held meetings to discuss setting up a new Healthcare Forum. Approximately 30 members joined BritishAmerican Business staff to discuss what issues and themes the new Forum should be addressing. We are looking to hold the first Healthcare Forum planning committee meeting by the end of May or beginning of June. If you would like to have more information on how to get involved in the Healthcare Forum, please contact Anna Di Camillo at adicamillo@babinc.org

▶ **EU-US Summit 2006**

In June, the EU-US annual summit will be taking place. These Summits bring together the President of the United States, the President of the European Commission, the Head of State or Government of the EU Member State holding the EU Presidency and the

EU energy supply threatened Brussels/London

Gazprom's Chairman Alexei Miller has stated that Gazprom would honour all its supply contracts with EU countries but this guarantee would only hold if EU governments did not get involved in obstructing the liberalisation of EU gas markets. Miller's comments were made in response to rumours that the UK Government were preparing to block Gazprom's potential takeover of Centrica, the UK's largest gas supplier. [LINK](#)

The UK Government has since signaled that it would not intervene in investments of Russian energy companies operating in Britain. [LINK](#)

Inflation falls in Britain despite soaring oil prices London

Inflation in Britain has fallen to its lowest level in a year despite commodity prices such as oil, gold and silver reaching record highs. This is said to be due to strong competitive pressures on the high street and supply chains. Oil prices continue to rise, an effect of the low petrol stocks in the US ahead of the summer and continued tensions over Iran's nuclear programme. Figures from the Department of Trade and Industry (DTI) showed that Britain's position as a major oil producer is in decline. [LINK](#)

Ministers in the UK plan a two-speed approach to pensions reform London

A two-speed approach would introduce some of Lord Turner's, Head of the Pensions Committee, proposals,

High Representative for Foreign and Security Policy of the Council of the European Union. BritishAmerican Business has been asked to participate in this process by HM Treasury. We will be forwarding member submissions under the BritishAmerican Business umbrella for incorporation into the 2006 EU-US Summit and its work programme.

A transatlantic market without barriers **Brussels**

The European Parliament's Trade Committee have called for the abolition of non-tariff barriers in Financial Services by 2010 and other key markets by 2015. The Committee envisages an agreement resting on three pillars: cooperation on regulatory issues; operational cooperation (for example, a bilateral mechanism for settling trade disputes); and sectoral economic cooperation agreements building on the joint EU-US work programme. [LINK](#)

Staff reshuffling in the White House **Washington**

The most significant reshuffle of President Bush's second term saw US Trade Representative Rob Portman take on the role of Director of the Office of Management and Budget. The newly installed Chief of Staff Joshua B. Bolton also moved quickly to relieve Deputy Chief of Staff Karl Rove of policy management duties. Press Secretary Scott McClellan has also handed in his resignation. The changes are seen as indicative of a White House under increasing pressure, seeking to alter its approach to policy, particularly domestic policy. [LINK](#)

WTO deadline extended **Brussels/Washington**

After warnings from many that it would be extremely difficult for the 30 April deadline for resolving differences over tariffs on agricultural products and industrial goods to be met, WTO chief Pascal Lamy has now said that WTO members would work towards a deal by early summer. US legislation allowing the White House to make trade deals expires in mid-2007; therefore, missing this new July deadline would make it very difficult for technical work to be completed for the Doha package. [LINK](#)

EU and US call for China to respect trade rules **Brussels/Washington**

but defer laws for the contentious national savings scheme. The move would enable lengthy consultation to take place with British industry and especially small and medium sized enterprises (SMEs), as the scheme would require companies to make compulsory contributions. It could also mean that Tony Blair continues his role as Prime Minister until 2008 to oversee the reforms. [LINK](#)

Acquisitive non-US companies turn to US **Congress** **Washington**

In a trend that underscores how much the environment for inward investment has changed since the Dubai Ports World controversy, non-US companies are increasingly turning to the US Congress as they seek to acquire sensitive US assets. For example, a New York based fuel cell producer, Plug Power, approached Senators Chuck Schumer and Hillary Clinton among others to help the advancement of a \$240m (£135m) investment in Plug Power by a Russian company. The trend has emerged as legislators debate plans to change the way US reviews foreign deals on national security grounds. Even though CFIUS (Committee on Foreign Investments in the US) does not include a formal role for Congress, companies believe that their deals must get approval from a broader range of national and state politicians to ensure they pass. [LINK](#)

Politics at a glance

London:

15 May: UK Trade and Investment (UKTI) put on Technology/World06, UK's partnering event for leading-edge information, communication, technology businesses

Washington:

3 May: Hearing by the Subcommittee on Commerce, Trade and Consumer Protection on "Digital Content and Enabling Technology: Satisfying the 21st Century Consumer"

Brussels:

4-5 May: European Aviation Summit in Salzburg
25 May: EU-Russia Summit hosted by Russia in Sochi on the Black Sea. The EU will be represented by Federal Chancellor Wolfgang Schössel, President in office of the European Council, and José Manuel Barroso, President of the European Commission. President Vladimir Putin will represent the Russian

During a WTO review of China's commerce, Brussels and Washington accused China of giving too much help to homegrown companies hurting chances of foreign firms operating in the Chinese market. In addition to showing signs of fostering national champions, China's slack implementation of rules against copyright piracy is also regarded as very worrying. [LINK](#)

Federation.

BritishAmerican Business Policy Events

▶ **18 May:** Breakfast Briefing with Linda Garrard, IRS Attaché, US Embassy, supported by Deloitte

▶ **18 May:** UK Investor Networking Event, supported by the Department of Trade and Industry (DTI) UK

Please contact: ukevents@babinc.org

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