



# TradeView

A Kentucky World Trade Center Publication

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## U.S. Trade Leadership Restored, Congress Passes TPA

By Jay M. Tannon, Chairman, Kentucky World Trade Center



Jay Tannon

After eight long years, domestic political infighting has given way to sound international judgment: Congress has restored the President's authority to negotiate trade agreements subject to Congressional approval but not amendment.

At a time when U.S. global economic engagement has never been more important -- and U.S. trade deficits never wider -- Congress has finally enabled the President and his international trade policy team, led by U.S. Trade Representative Robert Zoellick,

to take constructive action. The U.S. can now accelerate its pursuit of a new round of WTO talks focusing on agriculture and services, as well as renew its pursuit of free trade pacts with Chile, Singapore, Australia and other nations. Even the Free Trade Area of the Americas initiative can be reinvigorated.

An important feature in the recently enacted Trade Promotion Authority (TPA) legislation is expanded trade adjustment assistance. American workers will receive enhanced job retraining and health care benefits, if displaced by the removal of protectionist U.S. tariff and non-tariff barriers bargained away in new trade accords.

Democratic Party opposition, largely grounded in labor and environmental concerns, repeatedly denied "fast track" negotiating authority to democratic President Bill Clinton. The result: competitors like the E.U. and Canada achieved a series of free trade pacts, while the U.S. stumbled in domestic political gridlock and failed to open markets to U.S. goods and services. As U.S. Trade Representative Zoellick recently remarked, "Our world class products -- from tractors to software to french fries -- have been squeezed out of markets

by other nations aggressively negotiating free trade deals...."

President Bush hailed the bipartisan legislative achievement restoring the President's ability to negotiate trade accords as "a historic moment...[that would] promote prosperity in the United States, progress in our hemisphere and freedom throughout the world."

Since September 11, TPA has had renewed urgency. The U.S. must pursue greater global economic engagement and interdependence. Freedom and free markets are not only the twin towers of the U.S. economy, but the foundation upon which brighter prospects for global peace and prosperity may be built. More nations must be enfranchised into the global economy and enabled to liberate their peoples from isolation, poverty, and extremism.

Bringing down global trade barriers is not a zero sum game with corresponding national winners and losers; free trade can produce greater global economic activity and prosperity for all participants. Moreover, as Winston Churchill once observed, "Where a nation sends merchants, it rarely sends armies."

Reducing or eliminating tariffs and non-economic barriers to international trade frees markets to produce greater value for businesses and consumers worldwide. More prosperous nations also adopt and enforce higher labor and environmental standards. The American people, through their elected representatives in Congress, may have finally recognized that the world's most productive, admired and resented economy must promote, not fear, freer trade.

Kentuckians should thank Senators McConnell and Bunning, as well as Representatives Northup, Fletcher, Lewis, Lucas, Rogers and Whitfield for their leadership in voting to pass TPA. The Kentucky delegation made the difference in the vote taken in the House of Representatives.

Let a new series of trade negotiations begin!

*Mr. Tannon is Chairman of the Kentucky World Trade Center; Chairman of the Kentucky District Export Council; a member of the Services Advisory Committee to the U.S. Trade Representative; and a member of the Executive Committee of Frost Brown Todd LLC.*

Mark your calendar for a special KWTC collaboration with the Hong Kong Trade Development Council!

**Hong Kong: Your Premier Business Platform for Post-WTO China**  
Emerging Opportunities in Hong Kong and China  
Breakfast Seminar: 8:00 - 10:00 a.m.  
Wednesday, November 13  
Brown Hotel, Downtown Louisville

- \* Hear a current overview of doing business in Hong Kong and China
- \* Gain insights into trends and opportunities in the Hong Kong and China markets
- \* Learn how Kentucky companies can effectively enter these markets
- \* Learn from the first-hand experiences of local Kentucky businesses
- \* Engage in dialogue with visiting foreign trade officials

For more information or to register, please contact the Kentucky World Trade Center at 502-574-2400 or [kwtc@louky.org](mailto:kwtc@louky.org).

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# Business Referral Service Update: Warehousing & Storage

Service providers can benefit from KWTC membership by participating in the organization's Business Referral Service (BRS) program, through which services are promoted to KWTC members. The BRS Update, which profiles different categories of service providers in each issue, is just one aspect of the BRS program.

## Advance Distribution Services, Inc.

3301 Dixie Highway  
Louisville, KY 40216  
Phone: 502-449-1720  
Fax: 502-448-6161  
Contact: John K. Edelen, Sales Manager  
E-Mail: Jedelen@advancedistribution.com  
Web Page: www.advancedistribution.com

We offer logistics, warehousing, distribution, fulfillment, inventory management, inspection/ testing/ repair, packaging and assembly, and light manufacturing services.

We provide services such as logistics, warehousing, distribution, order fulfillment, inventory management, product assembly, packaging and repairs, etc. to businesses that seek to outsource specific functions. Distribution and light manufacturing is what we do best, and we have been doing it for over 30 years for Fortune 500 clients.

## Derby Industries, LLC

4451 Robards Lane  
Louisville, KY 40218-4572  
Phone: 502-451-7373  
Fax: 502-451-6330  
Contact: Miguel Zamora, Global Logistics Leader  
E-Mail: miguel@derbyind.com  
Web Page: www.derbyind.com

Derby Industries provides warehousing, global supply chain logistics & inventory management, contract manufacturing, parts & repair management, and packaging services for importers and exporters.

## Lucas Cartage & Storage Inc.

510 Assembly Drive  
Elizabethtown, KY 40701  
Phone: 270-763-9144  
Fax: 270-763-0474  
Contact: Kevin Lucas, President  
E-Mail: blucas5659@aol.com  
Web Page: www.lucascartagestorage2.bizonthe.net

Located right in the center of the state, Lucas Cartage & Storage is a full service cartage & storage company offering unsurpassed access to Kentucky's leading north-south & east-west highways. We are known for our fast, reliable high quality service and reasonable costs. We can customize our services to address your individual warehousing needs.

## Halo Distribution, LLC

7109 Global Drive  
Louisville, KY 40258  
Phone: 502-995-6878  
Fax: 502-995-6876  
Contact: Stu Gilray, General Manager  
E-mail: sgilray@halodistribution.com  
Web Page: www.halodistribution.com

Halo Distribution is a Third Party Logistics (3PL) provider offering Fulfillment Services; Domestic and International Distribution; Warehousing; Custom Labor Services; Supply Chain Management and E-Commerce solutions.

# Corporate Social Responsibility

By Jeffrey E. Wallace, Partner, Wyatt, Tarrant & Combs LLP



Jeff Wallace

The failures of corporate America to conduct itself in a socially responsible manner have monopolized headlines in the wake of the Global Crossing, Worldcom and Enron debacles. President Bush's corporate accountability initiatives have heightened the public's sensibility to corporate wrongdoing. These recent stories of corporate greed have renewed attempts to legislate "good corporate citizenry." However, the basic principles which underlie these initiatives have been a benchmark of good businesses for decades.

In 1939, the New York Stock Exchange adopted guidelines to ensure that listed companies operated in a trustworthy manner. The Foreign Corrupt Practices Act (1970s), the Defense Industry Initiative relating to governmental contracts (1980s) and the Sentencing Guidelines for Organizations by the Federal Sentencing Commission (1990s), expanded the governmental

focus on corporate accountability for criminal violations of federal law. In the last decade alone, the Sentencing Guidelines have resulted in over \$2.5 billion in fines, assessments and restitution for criminal violations of laws applicable to businesses. Also, foreign plaintiffs are increasingly filing civil actions in the U.S. for the violation of U.S. laws abroad.

Given the complex nature of the operations of multinational corporations, and the increasing risk of significant civil judgments and criminal prosecution, many companies have developed "compliance programs" for their international operations in an attempt to limit their exposure.

An effective compliance program will help prevent unwitting criminal conduct and will also serve to protect members of the board of directors and executive officers from personal liability resulting from alleged breaches of their fiduciary duty of care. To minimize the harsh fines that may be levied under the sentencing guidelines, a business organization should adopt a code of conduct directing the organization to act in a socially responsible manner.

In implementing this code of conduct, an effective compliance program is needed. It should be aimed at detecting and voluntarily disclosing any violations. The program should be monitored by members of senior management reporting directly to the board; all of whom should become keenly familiar with the seven basic elements of an effective compliance program as outlined by the Federal Sentencing Commission.

The board has the ultimate responsibility to institute an effective compliance program in fulfillment of its duty of care. Adherence to a compliance program will significantly limit the financial exposure under the sentencing

guidelines. Absent such a program, the directors can hardly fulfill their duty to act in good faith and on an informed basis. However, where a judge determines that a corporate offender has implemented, diligently maintained, audited and monitored an effective compliance program consistent with the required standards, the fines levied under the sentencing guidelines may be significantly reduced; perhaps by as much as 90%.

In order for a compliance program to be effective, employees must be regularly educated about the program. In addition to the many areas of training typi-

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Susan Cook, Editor  
Leanne Hernandez, Desktop Publishing

# World Trade Centers Association President Remembers September 11th

## Reiterates Common Goal of Global Peace Through Trade

Dear World Trade Centers,

The September 11th attacks on the New York World Trade Center and the Pentagon were unleashed by evil forces in an attempt to destroy those who promote freedom, tolerance and diversity. These forces must and will fail.

Our association has played an increasingly important role as a major force for peace and stability through trade. We stand for everything that those who perpetrated the evil act oppose. Our work today is more important than ever. In a recent letter to the World Trade Centers Association (WTCA), President Bush commended the work of the WTCA and stated that:

"In fighting the war on terrorism and the war on poverty, my administration relies on organizations like the WTCA to enhance trade, encourage economic development, and foster peace."

We should all be gratified by the messages we received from the heads of state all over the world when we celebrated WTCA day on June 12th of this year. On that day, World Trade Centers throughout the globe "held hands" in recognition of our common bond and the contributions to trade we make on a daily basis to the 750,000 companies we serve.

My global view of the connection between world commerce and world peace started 40 years ago, when we began planning the New York World Trade Center, and it has guided my efforts ever since. I encouraged a perspective and mindset that is becoming more and more accepted as offering the best prospects for peace among all nations, as quoted by Thomas Friedman's 1999 best seller:

"Today's version of globalization -- with its intensifying economic integration, digital integration, its ever-widening connectivity of individuals and nations, its spreading of capitalist values and networks to the remotest corners of the world -- makes for a much stronger web of constraints on the foreign policy behavior of nations. It both increases the incentives for not making war and it increases the costs of going to war in more ways than in any previous era in modern history."

We have been promoting "globalization" as a means to world peace and stability since the creation of the WTCA. So we continue and we are more committed than ever to our mission to use trade as the vehicle for peace by spreading prosperity and the message of our interdependence to every corner of the globe.

In closing, I thank every member for all your invaluable support in the most difficult year in our thirty-two year history. We are in fact stronger than ever in large part because of the inspiration we draw from the many ways you have demonstrated your renewed commitment to our mission and goals.

Sincerely,

Guy F. Tozzoli, President  
World Trade Centers Association



Guy Tozzoli, President,  
World Trade Centers  
Association

## Dear Trader

Dear Trader,

One of our sales reps in Texas is planning to drive down to Mexico to meet with several prospective clients. Does the North American Free Trade Agreement allow her to drive into and out of Mexico with no special vehicle requirements?

-Driven to Succeed

Dear Driven,

Unfortunately, her drive into and out of Mexico may not be hassle-free. Driving a U.S.-registered car or light truck into Mexico requires proof of ownership of the vehicle, acquiring a temporary import permit and, in many cases, buying Mexican insurance. Fortunately, visitors who stay within 16 miles of the border or within certain free-trade zones are exempt from many of these regulations.

The temporary import permit, which costs about \$20, is obtained at the border and must be paid with an international credit card in the same name as the owner of the vehicle. Otherwise, visitors must purchase a security bond based on the vehicle's value. There is a six-month limit on the permit, which must be kept in the vehicle when driven.

U.S. auto insurance often is not valid in Mexico, and traffic laws are much different. For example, under Mexican law, police can impound vehicles and jail drivers, even after a fender bender, until they can show they have sufficient insurance to pay for the damage they caused.

The AAA motor club provides members with a comprehensive description of requirements for driving in Mexico, and can offer insurance to both members and non-members. The insurance, underwritten by Naranja, a Mexican company, is sold by the day and takes effect 25 miles beyond the border. For further information, please access the AAA website at [www.aaa.com](http://www.aaa.com).

## Join the State's Trade Mission to Mexico!

The Kentucky Cabinet for Economic Development is currently organizing a delegation of Kentucky business representatives to join a thirteen-state Appalachian-region trade mission to Mexico City and Monterrey, Mexico from December 2-6, 2002, called the 'Appalachia Meets Mexico' program. Throughout the trip, meetings and events are planned for the delegation, including individual business meetings based upon the objectives of each participant.

The itinerary for the Mexico mission is as follows:

December 2	Business Appointments in Mexico City
December 3	NAFTA Anniversary Summit (RepCom); 'Selling to Mexico' Seminar; Networking Reception
December 4	Travel to Monterrey or Business Appointments
December 5	Business Appointments in Monterrey; Networking Reception at U.S. Consulate General
December 6	Tour of Laredo Border

Contact Stephanie Wheeler with the Kentucky Cabinet for Economic Development at 502-564-7140 to sign up today!

## Corporate Social Responsibility

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cally provided by domestic corporations, multinational companies' compliance programs should cover the Foreign Corrupt Practices Act, Customs Modernization Act, anti-boycott laws, export controls, anti-trust laws and regulations, trade sanctions and immigration matters.

Language and other communication barriers will complicate the implementation of a compliance program. The sentencing guidelines dictate that foreign employees actually understand the program. Accordingly, training materials for the foreign operations should be prepared in the country-specific language and reviewed by lawyers trained in local law. Cultural differences must be considered to ensure that the program is correctly communicated. Therefore, it is helpful for the compliance officer to be a local citizen, but report directly to the U.S. board.

While deference should be given to local customs, businesses should strive to develop a uniform compli-

ance program for all countries. Although such a uniform program with local training would be costly, the sentencing guidelines provide little accommodation.

To be clear, a code of conduct and the implementation of a compliance program are essential to limiting the risks inherent in the nation's demand for corporate accountability. The increased scrutiny which boards and executive officers face is significant. Unless domestic and multinational corporations create, adopt, communicate, regularly monitor and enforce an effective compliance program, the members of the board and executive officers may unwittingly become targets of the broadening scope of criminal prosecution and civil liability for the actions of the corporation.

Jeffrey E. Wallace is a Partner with Wyatt, Tarrant & Combs, LLP, and is the Chairman of the Firm's International Trade Practice Group. Mr. Wallace can be reached at 502-562-7589 or [jwallace@wyattfirm.com](mailto:jwallace@wyattfirm.com).

# MARK YOUR CALENDAR!

*E-Mail Your Upcoming Events to Susan Cook at [scook@louky.org](mailto:scook@louky.org)!*

DATE	LOCATION	EVENT	SPONSORED BY	VENUE	CONTACT
September 12	Louisville	<b>Observations on a New China</b> Speaker: Jay Tannon, Frost Brown Todd LLC	Crane House, Kentucky World Trade Center, Greater Louisville Inc.	Humana Building, 25th Floor; 12:00 - 1:15 p.m.; lunch catered by Vincenzo's	RSVP by September 10th to Crane House at 635-2240
October 3	Louisville	<b>15th Annual Kentucky World Trade Conference</b> Conference Theme: Are You Legal - Meeting the Challenge of Compliance with U.S. Export/Import Laws	Organized By: Kentuckiana World Commerce Council	Galt House Hotel, 8:00-4:30 (sessions) Reception/Dinner 5:30-8:30	Syvoskia Bray-Reeder with Greater Louisville Inc. at 502-625-0029 or <a href="mailto:sbray@greaterlouisville.com">sbray@greaterlouisville.com</a>
October 9-11	Santiago, Chile	<b>TecnoInternet - SOFTEL Empresas 2002</b> (Technology Trade Fair)	Ky Delegation Organized By: Kentucky South America Trade Office in Santiago, Chile		Carmen Lanchos with the Kentucky Cabinet for Economic Development at 502-564-7140 or <a href="mailto:clanchos@mail.state.ky.us">clanchos@mail.state.ky.us</a>
November 4-15	China	<b>Building Materials Trade Mission to China</b>	Organized By: U.S. - China Build Program, <a href="http://www.uschinabuild.org">www.uschinabuild.org</a>		Rose Braden at 206-543-0700 or via e-mail at <a href="mailto:rbraden@uschinabuild.org">rbraden@uschinabuild.org</a>
November 13	Louisville	<b>Seminar: Emerging Opportunities in Hong Kong &amp; China</b>	Kentucky World Trade Center, Hong Kong Trade Development Council	Brown Hotel, 8:00-10:00am	Kentucky World Trade Center at 502-574-2400
December 2-6	Mexico City and Monterrey, Mexico	<b>Appalachian Region Trade Mission to Mexico</b>	Ky Delegation Organized By: Kentucky Cabinet for Economic Development, International Trade Division		Stephanie Wheeler at 800-626-2930
December 5	Louisville	<b>Global Sourcing &amp; Import Procedures Seminar</b>	Organized By: Kentucky World Trade Center	To be determined	Kentucky World Trade Center at 502-574-2400

## World Is Your Market

### NETHERLANDS RANKED AS BEST PLACE TO DO BUSINESS

The Economist Intelligence Unit's Global Outlook has reported that the Netherlands is expected to be the best place in the world to conduct business over the next five years. The country scores particularly highly on its political stability and effectiveness, its policy towards foreign investment and the availability of finance.

The countries ranked just below the Netherlands include (in order): Canada, the United States, the United Kingdom, Switzerland, Ireland, Denmark, Finland, Hong Kong, Singapore, Sweden, Germany and Australia.

### NEW WEBSITE HELPS WITH EXPORTS TO JAPAN

The Japan External Trade Organization (JETRO) now offers a web-based resource called "Export to Japan" at [www.jetro.org/newyork](http://www.jetro.org/newyork). The site offers information about import regulations and procedures in Japan as well as laws and regulations which apply when exporting to Japan.

### KOREA RENAMES CITIES

The names of the following cities in South Korea have been changed: Incheon has been changed to Incheon; Kwangju has been changed to Gwangju; Pusan has been changed to Busan; and Taejon has been changed to Daejeon.

### CHINA, ASEAN AGREE TO PURSUE WORLD'S LARGEST FTA

Leaders from Southeast Asia and China announced they would pursue plans to create the world's largest free-trade area within 10 years. After holding talks with Chinese Prime Minister Zhu Rongji, leaders of the 10-nation Association of Southeast Asian Nations (ASEAN) said they would instruct their ministers to iron out details of the agreement as soon as possible.

Chinese Vice Foreign Minister Wang Yi said the China-ASEAN free trade agreement would bring about a 50% increase in exports on both sides. It would add one percentage point to annual economic growth in the ASEAN countries and 0.3% in China, he said.

ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

### BREAKTHROUGH IN EU ENLARGEMENT TALKS

The European Union (EU) took a major step toward wrapping up membership talks with 12 Central and Eastern European countries. Hungary, Malta, Slovakia and Slovenia assured their EU partners they had successfully transposed the EU's regional policy rules into national law, Bulgaria finished talks on customs legislation, and Estonia closed the energy chapter. But the most important breakthrough was made by Poland, which clinched a deal with the EU on how to protect the bloc's common borders.

This progress means that most of the 10 countries expected to be approved for entry in December -- Cyprus, Czech Republic, Estonia, Hungary, Latvia, Malta, Lithuania, Poland, Slovenia and Slovakia -- have only to complete the agriculture, budget and competition policy chapters before they are ready to join in 2004. Bulgaria and Romania are significantly behind the front-runners and are highly unlikely to enter in the first wave of enlargement.

### EU SET TO BAN COSMETICS TESTED ON ANIMALS

The European Union (EU) has proposed a new regulation covering cosmetic products sold in its member states. If passed, the measure will include: (1) a prohibition to perform tests on animals in the EU, which shall be implemented immediately for finished cosmetic products and progressively for cosmetic ingredients according to the availability of scientifically validated alternative testing methods, including those which reduce the number of animals used or diminish their suffering, and (2) a marketing ban on cosmetic products when the final product or its ingredients have been subject to animal testing.

Source: [www.tradecompass.com/daily\\_brief/index.asp](http://www.tradecompass.com/daily_brief/index.asp)

## KWTC New & Renewing Members

### NEW MEMBERS

**Patron Memberships**  
Steel Technologies

**Club Memberships**  
Phillipe Deprez - International Business Consultant

### RENEWING MEMBERS

**Patron Memberships**  
Accumetric, Inc.

**Regular Memberships**  
Carpenter, Mountjoy & Bressler CPA's  
Vogt-NEM, Inc.  
Woodward, Hobson & Fulton, LLP  
Central Bank & Trust Co.  
Buffalo Trace Distillery  
Squire Boone Village  
Delta Air Lines, Inc.

**Non-Profit Memberships**  
Kentucky League of Cities  
Louisville Medical Center Development  
Sister Cities of Louisville

**Club Memberships**  
Public Relations Network