

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

June 25, 2008

The President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

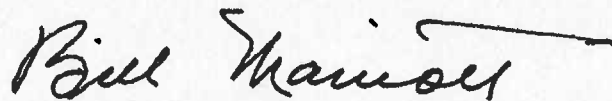
Our nation faces important challenges of energy security and climate change. There is almost universal agreement that we must address these challenges, even if differences in how to address them are not yet settled. One approach we can all agree on, however, is the tremendous opportunity for U.S. leadership in energy and environmental goods and services.

A recent World Bank study on climate change and clean energy technologies, as noted recently in your *2008 Trade Policy Agenda* report, suggests that eliminating tariffs and non-tariff barriers to key environmental technologies could boost trade in these products by an additional 7-14 percent. A corresponding increase in the use of such technologies and services would not only make an important contribution to global efforts to address climate change and energy security, but also positively affect U.S. exports and economic growth. Put simply, this is an all-around win for jobs, exports, energy security and the environment.

The example set by the Information Technology Agreement (ITA) is illustrative of the multifaceted benefits trade liberalization can engender. Since the initial concluding of the ITA in late 1996, world exports of ITA products have more than doubled. Current ITA participants now number 70 and represent an impressive 97 percent of world trade in information technology products. And greater adoption of information and communications technologies has yielded productivity enhancements and economic impacts far beyond the immediate value of IT trade itself. A strong Environmental Goods and Services Agreement (EGSA) could yield even greater and more widespread benefits around the globe.

Accordingly, we urge you to continue your administration's strong support for the U.S.-EU EGSA proposal that has been tabled as part of the Doha negotiating round. We commend U.S. Trade Representative Schwab and her team, who have worked hard to move these negotiations forward. American leadership will be an essential ingredient for success in these negotiations and we respectfully ask for your continued efforts to this end.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Marston". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

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Mr. President:

On behalf of the President's Export Council delegation of companies who accompanied Commerce Secretary Gutierrez to Ukraine and Russia recently, I wish to share some reflections, based on what the delegation observed.

As the first U.S. Secretary of Commerce to visit to Ukraine, Secretary Gutierrez's trip had many important dimensions, from the symbolic to the concrete—all of which made the timing of the trip optimal as a national gesture to this important democracy.

We are pleased to confirm that Ukraine continues to have high regard for U.S. business and the United States generally, however, U.S. companies have yet to fully realize that potential. An example of potential opportunities for U.S. firms is EuroCup 2012. This Delegation's visit was a visible, positive step to ensuring American business has equal access to the opportunities Ukraine presents.

The PEC believes that broad and sustained commercial engagement with Ukraine is clearly in the national interest of the United States. Equally, as the businesses that accompanied Secretary Gutierrez can confirm, there are very specific reasons for this continued interest in engagement, both on behalf of our government as well as the private sector.

- Ukraine's agriculture has rebounded to some of its former heights. With global food security and supply challenges reaching new levels, Ukraine will likely continue to play a key role in dealing with this rapidly changing environment.
- Ukraine recently joined the WTO and is quickly attempting to integrate itself with the West, both politically via discussions with the EU, and practically by unifying customs codes and tariffs. Problems with integration continue to exist, as the delegation experienced firsthand. One example that stood out was the late repayment of VAT, which was discussed with the Ukrainian Government at length. The delegation recommends continued engagement with Ukraine, as U.S. businesses greatly benefit from increased transparency and Western business acumen.
- Small and medium-sized businesses continue to thrive, despite the recent political instability which has gripped Ukraine. The fact that many smaller businesses continue to find viable opportunities gave the delegation a sense of optimism in Ukraine's future and the role Ukrainian entrepreneurs can play. Projects such as the Cisco Systems-sponsored entrepreneurship center in Kyiv reinforced this optimism.

In Russia, the delegation took part in the “St Petersburg International Business Forum”—one of the largest and, arguably, most prestigious international gathering of executives annually. There, the delegation met with key members of President Dmtriy Medvedev’s new Administration, including the President’s economic team. The PEC strongly recommends continued engagement with members of this new administration, which has arrived with new ideas and openness. Finally, the delegation met separately and jointly with many business executives and regional/local government officials.

- During the time in Russia, the delegation was treated to an impressive display of leadership from the most diverse areas of the Russian economy. There is no question that oil and gas resources have brought tremendous wealth and prosperity to Russia, whose economy now steams forward with nearly 10% annual growth. President Medvedev’s “4i Strategy” (innovation, institutions, investment in human capital, and infrastructure) appropriately captures the Russian Government’s vision on how to ensure that economic growth leads to broad, sustainable societal benefit.
- Russia is rapidly investing in many sectors, such as nanotechnology, which aims to put Russia on a more stable and diversified economic footing going forward. At the same time, its sovereign wealth fund, one of the world’s largest, will also serve to stabilize Russia’s long-term economic future.
- We believe this confidence in Russia’s economic prospects is well-founded. Russia not only supports big business, which each of us experienced first-hand, but also is working to improve the environment in which Small & Medium Enterprises (SMEs) operate.
- Many difficult challenges remain for businesses in Russia. Rhetoric aside, many of the businesses continue to face important challenges with intellectual property, a strong, transparent regulatory regime and respect for rule of law. Equally, the growing Russian government ownership and interest in certain key areas of the economy have led to private-sector firms’ interests being fundamentally challenged.
- President Medvedev and Prime Minister Putin are extremely popular. One of the major reasons for this popularity is that the Russian people feel that the president and prime minister have begun to invest in human capital (health) and infrastructure (roads, etc), which are not only visible, but also quite directly and positively impact some of Russia’s most serious challenges. As you know, Russia is one of the countries in the world experiencing severe “depopulation” due to premature death, with cardiovascular disease being the top “killer,” and low birth and fertility rates. We were gratified by the fact that the Russian Government takes these challenges seriously and is willing to invest in the right technologies and skill sets, in order to reverse this dangerous spiral. U.S. firms have a real role to play to confront those challenges.
- WTO: an overriding interest for the delegation participants in Russia was to see Russia enter into the WTO, at the latest by the end of 2008. The participants heard, what they thought to be credible, plans to ensure that all Russian laws be brought into line with the requests from international governments and businesses in order to facilitate WTO entry.

Mr. President, Russia and Ukraine are countries of deep and ongoing importance to the United States. At the same time, both exhibit a commercial environment that continues to be challenging and extremely rewarding for American business. We believe this fact-finding trip could not have been undertaken at a more auspicious moment. Thank you for your continued confidence and partnership with American business in fulfillment of our national and private-sector objectives.

Sincerely,

Bill Wainwright