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THE PBN COMPANY is an international strategic communications, government relations and public affairs consultancy serving clients worldwide from offices in Washington, DC, London, Moscow, Kyiv, Riga, Almaty and Chisinau.



PBN Chairman and CEO Peter B. Necarsulmer (L) talks with U.S. Undersecretary of State Alan Larson at an American Chamber of Commerce event in Moscow on July 24.

PBN Achieves Results on Key Trade and Economic Issues

"When you're a journalist, you get inundated with pitches. Most are mass mailings inviting you to write about something you don't even cover. But a select few are right on target... "[PBN] knew what my view was — what angle I would push. They did their homework and it paid off." — Washington Post Editorial Writer Sebastian Mallaby, in a recent interview in Media Relations Insider.

And paid off it did. PBN's work with *The Washington Post* resulted in an editorial strongly opposing U.S. trade restrictions on imported steel.

This is just one example of the results The PBN Company is generating in our efforts to promote policies and laws that ensure free trade, global economic integration and increased investment opportunities on both sides of the Atlantic. All PBN offices worldwide are actively involved in major bilateral and multilateral trade and economic issues.

In Washington, D.C., The PBN Company continues to be at the forefront of the top trade issues — fighting

tariffs, quotas and other trade restrictions that provide special protection to certain U.S. industries at the expense of U.S. companies who need access to imported goods. In Russia, Ukraine and the Baltic States, PBN continues its work to establish policies that fully integrate the region into the global economy. In Europe, PBN has been sponsoring forums to bring together Russian and European business leaders to discuss common economic and business objectives, such as insurance reform.

This issue of Access PBN reports on four recent important events to advance our clients' economic and trade policy objectives. The first is a hearing of the U.S. Congress tying counterfeiting to funding terrorism. The second is an investigation by the U.S. International Trade Commission (ITC) to study the impact of the Bush Administration's steel tariffs on steel consumers — a major victory for U.S. steel consuming companies, a long-time PBN client. On June 26, PBN partners took part in a Geneva-based international conference of international and Russian business leaders on insurance reform in Russia. And, finally, PBN recently sponsored a breakfast discussion in Moscow of a high-level State Department official on issues ranging from Iraq and terrorism to U.S. visa policy and WTO accession.

"Whether it's the debate over trade restrictions in the U.S. or integrating the economies in transition in the former Soviet Union, PBN is in the thick of these issues. Clients and allies who are fighting for further economic openness and integration have been proud of our collective accomplishments over the past year, while still understanding that much remains to be done," says Susan Thurman, PBN's President and COO.

U.S. Congressional Probe: "Are Proceeds From Counterfeited Goods Funding Terrorism?"

The message coming from a recent U.S. Congressional hearing on intellectual property was loud and clear: "think twice before buying that knock-off purse or a fake CD." The hearing was called amid concerns about intellectual property (IP) crimes, examining the question of whether the monies gained from

counterfeited goods are being used to fund terrorist groups.

At a packed Capital Hill hearing on July 16, U.S. Representative Henry Hyde, Chairman of the House International Relations Committee, warned, "everyone loves to make a deal, or get a bargain, but these days, the buyer really should beware...the counterfeit item you purchase from a street vendor or on the Internet may be helping to finance terrorism."

While the economic drain in terms of lost wages, jobs and taxes caused by IP crimes is well known, the potential damage to national security is largely undocumented. But Congress, with this hearing, is promising to look further at the links between counterfeiting and terrorism.

Also testifying at the hearing was Ronald Noble, Secretary General of International Criminal Police Organization (Interpol), who explained that IP crime is difficult to stop because it is a low priority for law enforcement (particularly when compared to drug-trafficking and counter-terrorism investigations). Additionally, he noted that law enforcement agencies lack expertise in recognizing and investigating counterfeit and pirated goods and the low penalties for IP violators don't deter those from getting involved in the lucrative business.

PBN's Senior Vice President Tom Thomson represents the Coalition for Intellectual Property Rights (CIPR) on the Interpol Intellectual Property Crime Action Group, which has been formed to improve its capabilities in the interdiction of international IP crime. The advisory group consists of representatives from associations, national law enforcement authorities and international inter-governmental organizations, which met in D.C. in mid-July to continue its work in conjunction with the Congressional hearing.

"The hearing was a wake up call to the American buying public about counterfeit goods," explains Tom. "Thanks to the work by CIPR, the Interpol Advisory Group and a wide variety of other organizations, policymakers and law enforcement officials are becoming more focused on the seriousness of IP crimes, particularly its links to criminal elements and even terrorist groups."

For more information, including viewing Congressional testimony and a webcast of the July 16 hearing, go to the House of Representatives Committee on International Relations website hearing schedule page at http://www.house.gov/international_relations/fullhear.htm

Coalition for Intellectual Property Rights:
<http://www.cipr.org>

Interpol Intellectual Property Crime Action Group (IIPCAG): <http://www.interpol.com/Public/FinancialCrime/IntellectualProperty/Publications/iipcag.pdf>

Interpol Secretary General Ron Noble Testimony at July 16 Congressional Hearing: <http://www.interpol.com/Public/ICPO/speeches/SG20030716.asp>

Steel Consumers Continue Fight Against Protectionism



Representatives from steel-using companies testify at the House Ways and Means Committee Hearing on March 26.

As Washington's summer weather heats up, so too does the debate on the steel tariffs imposed by President Bush almost 18 months ago.

Thanks to efforts by The PBN Company and lobbyists for the Consuming Industries Trade Action Coalition Steel Task Force (CITAC STF) and the American Institute for International Steel (AIIS), the U.S. House Ways and Means Committee has directed the International Trade Commission to initiate a "Section 332" investigation to examine the impact of the steel tariffs on steel consumers. The Committee also directed the ITC to include this report with their formal midpoint review of the steel tariffs that is sent to President Bush.

By law, the ITC must report to President Bush at the midpoint of the three-year steel tariffs on the effectiveness of the tariffs. But, the law contains no provision for investigating the damage caused by the steel tariffs on U.S. steel consumers or the wider U.S. economy.

This summer, the ITC held its first hearings on the impact of the steel tariffs not only on the U.S. steel industry but also on U.S. companies who use steel in manufacturing their products.

The issue got even hotter when the World Trade Organization (WTO) issued a formal finding on July 11 that the steel tariffs imposed by the United States violate WTO rules. The European Union has already announced that it would retaliate with billions of dollars of tariffs on U.S. exports, should the U.S. not abide by the decision. So PBN has been busy keeping the issue in the news -- and pressure on U.S. law and policy makers. An August 13 editorial in *The Wall Street Journal* said, "We have a modest proposal [for President Bush]: Repeal his own 30% steel tariffs." A month earlier, the paper also said of the tariffs, "It's time to cut the losses on the worst mistake of Mr. Bush's first term." Additionally *The Chicago Tribune* demanded, "Dump the steel tariffs," and other editori-

als in papers in Florida, Colorado, and Louisiana have urged an end to the steel tariffs as well.

Paul Nathanson, Senior Vice President of The PBN Company and head of its trade practice, stated, "The domestic steel industry has spent millions of dollars successfully lobbying the U.S. government for more than 30 years for protection from competition in the form of tariffs, quotas, dumping duties and other trade restrictions. While we are still fighting an uphill battle for President Bush to end the steel tariffs, no one would have predicted 18 months ago that steel consumers would have made as much progress as they have in making their voices heard in Washington's trade policy debate."

The issue comes to a head this fall. By November, the WTO is expected to reject the U.S. appeal of its decision on the steel tariffs, clearing the way for EU retaliation. President Bush will have to decide by then whether to continue, modify or end the tariffs on imported steel.

To view the July 11 WTO Panel report out on US safeguard measures on steel products, go to: http://www.wto.org/english/news_e/news03_e/panel_report_11july03_e.htm

CITAC Steel Task Force:
<http://www.citac.info/steeltaskforce>

American Institute for International Steel:
<http://www.aiis.org>

PBN Sponsors Breakfast With U.S. State Official at American Chamber of Commerce in Russia

Iraq, counter-terrorism, the World Trade Organization, U.S. visa policy and intellectual property protection were just some of the topics discussed at a July 24 breakfast in Moscow with the U.S. Undersecretary of State for Economic, Business and Agricultural Affairs Alan Larson.

The breakfast, attended by dozens of business leaders, was hosted by the American Chamber of Commerce in Russia and sponsored by The PBN Company and our client, the Coalition for Intellectual Property Rights (CIPR).

Larson, a key player for U.S. economic issues involving Russia and the former Soviet Union, told the audience that the U.S. remains strongly supportive of Russia's accession to the WTO. "We [the U.S.] want to work on this issue just as quickly as the Russian side is able to work it," he said.

Larson stated that enforcing intellectual property rights is a key to Russia's economic reform. "You can't have an innovation-driven economy if you don't have strong protection of innovation and intellectual property. The United States has a strong commercial interest in this, but I think it is equally important to recognize that Russia has a very strong inter-

est itself in having not just an acceptable level of intellectual property rights, but a world-class level of intellectual property protection."

During the Q&A, several U.S. business leaders raised the growing problem of obtaining U.S. visas for Russians traveling to the United States for business. Following the terrorist attacks of September 11, 2001, the U.S. Government made changes in processing visas for visitors that have caused lengthy delays for many Russians in obtaining a U.S. visa. The situation is expected to worsen, as of August 1, 2003, virtually all non-immigrant visa applicants worldwide will be required to appear in person before a U.S. consular officer.

Many business leaders cited examples of delays exceeding two to three months in obtaining visas for Russian business leaders and other citizens. Secretary Larson encouraged those in attendance to notify the U.S. Embassy of any difficulties that are preventing business people from making reasonable travel arrangements to the U.S.

In response, PBN Chairman and CEO Peter B. Necarsulmer underscored that U.S. Ambassador Alexander Vershbow has been sensitive to the issue and volunteered PBN to work with the Embassy and AmCham to compile a report of problems encountered with the visa process. Secretary Larson welcomed the idea and pledged to work with Secretary of State Colin Powell to address the issue.

For a complete transcript of Secretary Larson's remarks, visit: <http://www.amcham.ru/page.php?pageid=211624286558520>

American Chamber of Commerce in Russia:
<http://www.amcham.ru>



U.S. Undersecretary of State Alan Larson addresses dozens of business leaders at an American Chamber of Commerce breakfast discussion in Moscow on July 24.

"Remember Consumers!"

PBN Chairman Peter Necarsulmer Offers Lessons and Solutions for Insurance in Russia and the CIS



Putting consumers first, then industry, and finally government are the keys to a healthy insurance paradigm, as PBN Chairman and CEO Peter B. Necarsulmer explained at a presentation on insurance in Russia and the CIS on June 26 in Zurich, Switzerland.

If Nikita Khrushchev and Ross Perot were giving you business advice, which one would you listen to?

Nikita Khrushchev once said, "When you are skinning your customers, you should leave some skin to grow again so that you can skin them again." Ross Perot suggested that, "business is having great products, doing great engineering and providing tremendous services to customers."

The obvious answer — listening to the customer — was the basis for a presentation by PBN Chairman and CEO Peter Necarsulmer at a June 26 Marcus Evans conference on "Insurance in Russia and the CIS" in Zurich, Switzerland.

Necarsulmer described the challenges and opportunities presented by the Russian insurance market to an audience of Russian, European and U.S. business leaders.

In giving his own advice, Necarsulmer described the pyramid for a healthy insurance paradigm — starting with consumers. He said that a key problem today with Russian insurance companies is that they are forgetting about a very critical audience: consumers. Some of the factors preventing the purchase of insurance, according to a PBN/IRG Survey of Internet Users, are that prices are too high (90%), there is not enough information (84%) and consumers don't trust insurance companies (61%).

So what's the solution? Necarsulmer pointed to the Perot strategy, saying that the key is in market-based research and products, transparency, industry information and education, among other items.

To view Peter Necarsulmer's PowerPoint presenta-

tion given at the Marcus Evans Conference, please go to <http://www.pbnco.com/presentation/insurance/index.php>

News from PBN Worldwide

NEW SLATE-R. PBN Welcomes Mark Slater as its new Director of Interactive Media. Mark is based in the firm's Moscow office, where he has been serving as a consultant for PBN on various print, electronic and Internet-based projects. Mark brings more than 20 years experience, some with PBN, to the firm. He has lived in Russia for a significant part of the last decade. Welcome, Mark!

Email: mark.slater@pbnco.com

MAXIM-UM ADVANCE. Maxim Syssoev in PBN's Moscow office has been promoted to a Senior Account Manager in the firm's Government Relations Division. Congratulations, Max!

Email: maxim.syssoev@pbnco.com



Pictured Mark Slater (top), Director of Interactive Media, and Maxim Syssoev (bottom), Senior Account Manager, in PBN's Moscow office.

COURTNEY PART DEUX. The DC office welcomes returning intern veteran Courtney Duke. After taking a semester to rendezvous in Paris, France, Courtney, a Senior at American University majoring in International Relations, has returned for a second year internship in PBN's DC office.

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THANK GOODNESS IT'S FRIDAY. The DC office also extends a big welcome to Kim Hamill. A Junior at American University in Washington, DC, Kim comes to PBN after interning last year for Senator Joseph Lieberman (CT). Kim recently completed her summer internship in PBN's DC office and will continue working on Fridays through the Fall.

Email: kim.hamill@pbnco.com

A LITTLE SOMETHING TO FRAME. Dara Klatt, Account Manager in the Washington, DC office, has a new diploma to hang in her office. She received her Masters of Arts degree in International Communication from the School of International Service at American University. Way to go, Dara!

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MEDIA RELATIONS INSIDER INTERVIEWS PBN INSIDERS. The July issue of *Media Relations Insider* features a three-page profile of The PBN Company's award-winning work on a steel trade issue involving the U.S. International Trade Commission and an interview with PBN Senior Vice President Paul Nathanson.

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