

American Bankers Association
American Chemistry Council
American Council of Life Insurers
American Forest & Paper Association
American Petroleum Institute
Bankers' Association for Finance and Trade
The Business Roundtable
Coalition of Service Industries
Council of the Americas
Domestic Petroleum Council
Emergency Committee for American Trade
Financial Services Forum
The Financial Services Roundtable
International Association of Drilling Contractors
ITI - Information Technology Industry Council
National Association of Manufacturers
National Center for APEC
National Foreign Trade Council
Securities Industry Association
Telecommunications Industry Association
US-ASEAN Business Council, Inc.
U.S. Chamber of Commerce
U.S. Council for International Business

June 25, 2003

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

On behalf of the undersigned organizations and our members, we are writing to urge the rejection of proposals the Administration is now considering that would undermine U.S. investment abroad and the benefits that such investment brings to the United States.

Our members span all major sectors of the American economy and represent the lion's share of U.S. investment abroad. The proposals under consideration would jeopardize not only a substantial portion of those investments, but also broader U.S. interests in promoting efficiency and productivity, economic growth, a higher standard of living, and secure access to energy and other natural resources from around the world.

In particular, we are concerned about inter-agency proposals that would exclude certain commercial disputes from access to arbitration where the dispute involves an agreement between an investor and a foreign government relating to assets, such as natural resources or infrastructure projects, controlled by the foreign government. Hundreds of billions of dollars of U.S. investments are made to support such agreements involving natural resources (oil, gas,

timber, minerals, etc.), infrastructure (building and operating an airport, a port, etc.) or other government assets (designing and operating a computer network, chemical facility, utility, etc. or undertaking privatizations). Many of these sectors are vitally important for U.S. economic interests, as well as the development of countries receiving U.S. investment.

The door to international arbitration that our treaties and free trade agreements open is critical in helping encourage foreign governments to adhere to such agreements and in providing fair, objective and timely remedies when they do not. This is vital for U.S. companies investing around the world in both developed and developing countries whose legal systems are not fully comparable to the legal system of the United States and/or are not always reliable, particularly in cases involving substantial contracts with the government.

The agreements that U.S. companies enter into with foreign governments are oftentimes very complex and vary country-to-country given differing legal systems (*e.g.*, some are licenses, some are contracts, some are agreements, some are concessions, some are investment-related procurement agreements). While we recognize the desire of some U.S. agencies for greater clarity on this issue, attempts to carve out from investment protections particular types of arrangements with artificial categories will put at risk substantial overseas investments by U.S. companies. Exempting certain countries from investment protections jeopardizes investments in those countries and makes it considerably more difficult to include such protections in future agreements. The net effect will be to weaken our investment position abroad, the operations of U.S. companies and this country's own prospects for economic growth.

At the same time, the rationale for modifying the U.S. position on investment is not particularly clear. It is both theoretical (since the United States has never been taken to arbitration under the government-controlled assets provision) and based on several questionable assumptions, including that the United States would somehow incur greater liability through international arbitration than under the traditional contract disputes process. Without greater clarity on what is the perceived problem with this provision, we do not understand the push to eliminate it.

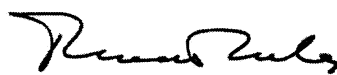
Last year, Congress rejected attempts at weakening the standards of protection for investment abroad. It sought instead to ensure that U.S. investors abroad would have access to international arbitration. Our associations and our members strongly support that position and want to work with you to ensure that our investments overseas are not undermined.

We are sending identical letters to each of the Cabinet members whose agencies are involved in this debate and key members of Congress.

Sincerely,




Calman J. Cohen
President
Emergency Committee for American Trade



Thomas Niles
President
U.S. Council for International Business



William Reinsch
President
National Foreign Trade Council



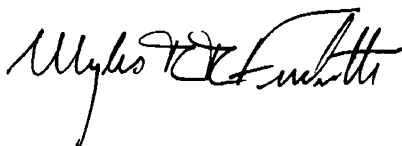
Jerry Jasinowski
President
National Association of Manufacturers




John Castellani
President
The Business Roundtable



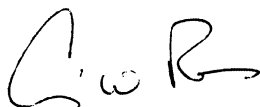
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Financial Services Forum



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William Whitsitt
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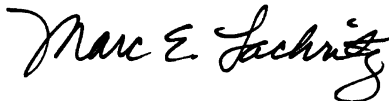
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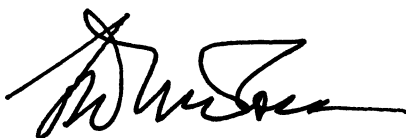
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