

# AMCHAM NEWS

## American Chamber of Commerce in New Zealand

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Volume 9 Issue 7

July 2010

### US enthusiastic about Trans-Pacific Partnership

The United States has confirmed its commitment to the Trans-Pacific Partnership (TPP) free trade agreement negotiations, with one of its most senior representatives saying enthusiasm is high and likely to rise.

The aim of the negotiations, which started earlier this year, is to extend the existing P4 trade agreement between New Zealand, Brunei, Chile and Singapore to include the US, Australia, Peru and Vietnam.

That would create a vast and powerful free trade area with huge benefits for New Zealand.

United States Assistant Secretary of State for East Asian and Pacific Affairs, Kurt Campbell, said in Wellington yesterday the commitment was there to reach a deal.

"I think the level of enthusiasm in the United States for the TPP remains high and will go up in the future," Dr Campbell said. "I think hopes are high for this pact, but at the same time I think there is a recognition that trade talks are tough, they are difficult, we have a lot of hard work ahead of us."

Dr Campbell said there was strong support for Korea to be brought into the TPP as well and referred to the position held by President Barack Obama. "I think you will see very clearly that he and his administration recognises that the United States has to play a substantial role in the economic drama that is playing out in the Asia-Pacific region," Dr Campbell told reporters.

Dr Campbell was in Wellington en route to the Pacific Island Forum meeting in Vanuatu, which Prime Minister John Key is attending. Today, on the sidelines of the meeting, Dr Campbell will hold tripartite talks with New Zealand and Australia.

It will be the first time in decades that tripartite discussions have been held and Dr Campbell said the New Zealand-United States relationship was set to move up to the next level "or maybe the next two levels even".

"You are going to see a very deliberate effort on the part of the United States to work more closely with

New Zealand as a recognition of the role that New Zealand is playing in global politics," he said. "We think, given our shared commitments to the Pacific, given our common heritage, given the fact that our soldiers - as we witnessed tragically today - are serving and dying together, don't we owe them the ability to sit down and talk about our mutual challenges? I think the answer is a resounding 'yes' to that."

Source: NZPA/TV3

### Senate Approves Tax Accords with New Zealand and Malta

On July 16, the U.S. Senate gave its approval to a protocol amending the U.S. income tax treaty with New Zealand as well as the new tax convention with Malta. The Chamber sent a [letter](#) to Senate Committee on Foreign Relations Chairman John Kerry (D-MA) and Ranking Member Richard Lugar (R-IA) applauding their leadership in securing ratification of these tax protocols. It read in part: "These agreements provide significant benefits by giving investors greater certainty regarding their potential tax liability. They also promote economic growth and job creation while fostering fairness in international tax treatment."

### Second Round of TPP Negotiations

The second round of negotiations to expand the Trans-Pacific Partnership (TPP) took place in San Francisco from 14-18 June.

Discussion at the second round remained mainly exploratory. Negotiators held useful discussions on how to make TPP a high-quality, 21st century agreement. A lead negotiators' process focused on cross-cutting "horizontal issues" such as regional integration, regulatory coherence, development and transparency. There were also discussions on the architecture of the agreement and how TPP will relate to existing bilateral free trade agreements between the TPP countries. In some areas, sufficient progress was made to enable negotiations on text to begin at the next round.

As the negotiation moves ahead it will be important

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that New Zealand negotiators gain a deeper understanding of the views and interest of New Zealanders. New Zealand negotiators will be undertaking further public consultation in advance of the third round.

For further info or to comment, contact Sarah Lovegrove, FTA Unit, [sarah.lovegrove@mfat.govt.nz](mailto:sarah.lovegrove@mfat.govt.nz) or 04 439 8607.

## CTU stance on trade agreement could cost jobs

"It is disappointing that the Council of Trade Unions has requested the United States union movement pulls its support for the proposed Trans Pacific Partnership trade agreement", Trade Minister Tim Groser says. "Negotiating new trade agreements is one part of the Government's broad-based plan for faster growth and more jobs. The CTU's moves against this particular trade opportunity are puzzling and could actually cost jobs," Mr Groser says.

"It's particularly disappointing that the CTU is prepared to put petty politics ahead of New Zealand's economic and trade interests.

"New Zealand and New Zealanders stand to benefit substantially from further successful trade deals - particularly with large and influential economies such as the United States. These deals will help us create higher-paying jobs and enjoy better living standards.

"I'm therefore sure the CTU's members will be keen to know why their organisation is, in effect, working against their own interests in such a way."

Mr Groser was commenting on the CTU's confirmation that it will no longer cooperate with the Government on trade issues and that it has persuaded the United States central union organisation, the AFL-CIO, to pull out of a planned visit to New Zealand early next year.

AFL-CIO president Richard Trumka had intended to visit New Zealand next February at the invitation of the Government.

"It appears the visit will not now be happening, at the request of the CTU," Mr Groser says. "This is a missed opportunity and I cannot see how this will benefit the CTU's membership. The interface between trade and labour is one of the most sensitive issues in international trade, particularly with developing countries.

New Zealand has made considerable strides in negotiating models of cooperation in trade and labour in a variety of our trade agreements. We would have preferred to develop our thinking in the context of this important negotiation with input from the New Zealand trade union leadership. However, that is their choice"

## President Obama Provides Progress Report on National Export Initiative, Announces Members of the President's Export Council

**Goal of doubling exports over five years to support millions of American jobs is on track**

WASHINGTON, DC – Today, President Barack Obama will provide a progress report on the National Export Initiative (NEI), which shows that the President's goal of doubling exports and supporting several million new jobs over five years is on track, and that exports in the first four months of 2010 grew almost 17 percent from the same period last year.

Since the President called for the NEI in his State of the Union Address, significant progress has been made on each of its five main objectives:

- ◆ *Improved advocacy efforts on behalf of U.S. exporters:* The Department of Commerce has coordinated 18 trade missions with over 160 companies participating in 24 countries.
- ◆ *Increased access to export financing:* Ex-Im has more than doubled its loans to support American exporters from the same period last year, helping to support nearly 110,000 jobs.
- ◆ *Reinforced efforts to remove barriers to trade:* In March, the United States reached an agreement with China to reopen the Chinese market to U.S. pork and pork products. In June, the United States agreed with Russia to reopen the Russian market to U.S. poultry exports. These steps are worth more than \$1 billion.
- ◆ *Enforcement of trade rules:* Last week the WTO ruled that European governments subsidized Airbus's large civil aircraft. This ruling is expected to sustain and even restore jobs to American aerospace workers by leveling the playing field for the U.S. aerospace industry.
- ◆ *International promotion of policies leading to strong, sustainable and balanced economic growth:* These last 18 months have been the most effective period of international economic cooperation in generations with global growth replacing economic contraction.

The full Progress Report on the National Export Initiative is attached; you can also view it [HERE](#).

**President Obama** said, "Boosting America's exports strengthens our economic growth and supports millions of good, high-paying American jobs. That's why I set a goal during my State of the Union address to double our exports over the next five years. Since then, my Administration has worked to improve advocacy for our exporters, remove trade barriers, and enforce trade rules in an effort to ensure that the benefits of global trade are broadly shared. And to build on the progress we've made so far, I've appointed these accomplished men and women to serve in these important roles. I am confident that their depth of experience in the private sector will be valuable as we continue working to open new markets for American goods, boost our exports and level the playing field for American workers."

## The second Asia Pacific Clean Energy Summit & Expo will be held in Honolulu August 30- September 2

In 2009, the inaugural Summit brought in approximately 800 attendees representing 14 different countries and territories including: American Samoa, Western Samoa, Fiji, Australia, Canada, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Malaysia, Marshall Islands, Micronesia, Singapore, South Korea, Solomon Islands, Taiwan, Palau, and Guam, as well as the United States. This year, event organizers expect over 1,200 participants from around the globe.

Big name speakers include Senator Daniel Inouye, Hawaii; Governor Linda Lingle, Hawaii; and Deputy Assistant Secretary of the Navy for Energy, Tom Hicks. See the link below for many more from private industry.

The 2010 Asia-Pacific Clean Energy Summit and Expo is being

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Logistics for  
the future NOW



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coordinated by the State of Hawai'i and the Clean Technology & Sustainable Industries Organization (CTSI).

Please follow the link below to see a LOT more information. If you have questions, please contact Milton Kwock or Lois Hamaguchi [Check out the Asia-Pacific Clean Energy Summit & Expo](#)

## Pacific Trade Conference & Expo deferred until March 2011

The Pacific Trade Conference & Expo scheduled for 21st and 22nd September this year has now been deferred until Monday 14th and Tuesday 15th March 2011.

A number of factors have caused this change of plan - but the main reason is so that the optimum number of Pacific Island governments and private sector operators can attend. Their attendance is essential to provide value to both NZ companies, as well as Pacific Island businesses (and their governments).

With all the best will in the world, is not always easy to foresee all the constraints that can affect a major event, like an Expo, when 25 separate Pacific countries are involved. But with the Shanghai World Fair happening throughout most of this year, this alone has appeared to be a competitive factor. Other issues are that a number of countries in the region are now in election mode (including the new Auckland Super City, and Australia, plus several Pacific Island countries), so this is a distraction, whilst other Pacific Island related events are happening in Australia shortly.

By deferring the Conference and Expo until March next year, this will not only be happening immediately following the annual Auckland Pasifika Festival at Western Springs on the Saturday 12th and Sunday 13th March (and so become a major Trade related addition to Pasifika), but it will give the Expo organising committee more time to consult with Pacific Island governments and private operators, and NZ Businesses, what specifically will provide them with maximum outcomes from such an event.

In addition to the traditional 100 plus exhibitors we had at previous Expos, we are working on a series of Conference Seminars and Workshops over the two days that will provide valuable information to participants. These Seminar subjects are reasonably well developed, but we wish to get input from our Pacific Island contacts, to fine-tune what will be of value to them and deliver positive outcomes from them. It is our wish to reinforce the NZPBC's longstanding objective of supporting two-way trade and investment between New Zealand and the 25 Islands of the Pacific.

## Ambassador farewelled with Fulbright honours

Departing New Zealand Ambassador to the US, and Fulbright alumnus, Roy Ferguson, was farewelled from Washington, DC with a certificate of appreciation and an esteemed alumni globe presented by the US Department of State's Bureau of Educational and Cultural Affairs (ECA) in June, shortly before completing his four year posting as Ambassador.

The honours were granted in recognition of Ambassador Ferguson's advocacy for the Fulbright programme in the 38 years since his

Fulbright exchange, including four years as a member of the Fulbright New Zealand Board prior to his appointment as Ambassador. The certificate cited his contribution as "a most articulate and sincere advocate for the Fulbright Program," whose "significant contributions stand as a model for others to emulate".

"The Fulbright programme made a huge difference in my life," Ambassador Ferguson said in response. "I am glad I have been in a position to give a little back to a programme that is as relevant and important today as it was when Senator Fulbright conceived it."

## Ambassador Huebner's blogs:

<http://blogs.newzealand.usembassy.gov/ambassador/2010/07/happy-independence-day/>

## OTHER NEWS BRIEFS & SUCCESS STORIES WITH USA

[Port of Guam to get \\$US50 million upgrade](#)

[Average house size declines in US](#)

[Winning New Zealand tissue substitute gives US hospitals a new option](#)

[Emendo In Top Three NZ Health IT Firms in US](#)

[US giant completes buyout of NZ's The Hyperfactory](#)

[NZ's largest CG animation studio opens in Auckland](#)

[Moves to standardise net metering in the US](#)

[Average house size declines in US](#)

[GE's US\\$200m 'Ecomagination Challenge'](#)

[Biomatters eyes bigger slice of US market](#)

[Ten top tips for breaking into the US](#)

[US wine market to swell by 2030](#)

[Right Hemisphere extends partnership with SAP](#)

[Getting to grips with US culture](#)

## Demand for New Zealand organic fruit grows in North America

### From Organics Aotearoa

With the North American economy recovering, sales of organic produce are picking up again and imported New Zealand fruit is no exception.

The Oppenheimer Group in Vancouver says its sales of organic New Zealand kiwifruit so far this year are double last year's and there appears to be a resurgence in organics across the board. The company says US and Canadian consumers seem to be prepared to "let their altruistic side take over" and pay a premium for something they believe in.

David Nelley, pipfruit category manager for the Oppenheimer Group, says last month the company saw strong demand for organic apples

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Pernod Ricard New Zealand proud supporter of AmCham.

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from New Zealand, including galas, fujis, braeburns, jazz, granny smith and pink ladies. Mr Nelley says North American consumers are showing signs of "loosening the purse strings" a bit, particularly when shopping at retailers like Whole Foods.

He notes, "For core organic shoppers, it doesn't take much of an economic upturn to bring them back. People who choose organic are devotees. That's where they spend their discretionary income."

Karen Brux, North American marketing representative for Zespri, says demand for organic New Zealand kiwifruit has been strong so far in North America in 2010. She adds, "I'm surprised by the strength of the organic market. It seems a lot stronger than last year."

**NZVCA** - [www.nzvca.co.nz](http://www.nzvca.co.nz)



**From NZBio** - [www.nzbio.org.nz](http://www.nzbio.org.nz)

**NZBIO and MTANZ to collaborate more closely**

New Zealand's bio-enterprises will benefit from an agreement between NZBIO and the Medical Technology Association of New Zealand (MTANZ) to work more closely together.

"We have formed the alliance to establish closer working relationships between the two industry associations, bringing together the diverse technologies of biological and medical sciences, allowing companies from both industries greater aligned representation, particularly in areas of policy advocacy and networking opportunities. This convergence will further enhance opportunities to develop innovative new products to advance healthcare, which has huge international opportunities," says Bronwyn Dille, Chief Executive of NZBIO.

The agreement establishes a closer working alliance which will help bring together the diverse technologies of biological and medical sciences.

**NZBIO and NZ Health ICT Cluster** are pleased to have signed a joint agreement. The alliance will bring together the health IT companies involved in the development of innovative software solutions and New Zealand's bio-enterprises involved in improving health outcomes. Both organisations will work together on areas of mutual interest, providing our members with greater networking opportunities, events to attend and policy advocacy.

**Izon Science Appoints Director to New US Office**

Nanotechnology company Izon Science today announced the opening of US operations. Dr. Dietrich Ruehlmann has been appointed to the position of Director Business Development to run the new Maryland-based office and lead Izon's expansion in North America.

**TRADE, BUSINESS and INVESTMENT OPPORTUNITIES**

**Commercial News USA**

The July-August issue of Commercial News USA, the official export promotion magazine of the U.S. Department of Commerce, is currently online at [http://thinkglobal.us/pdf/2010\\_07\\_jul\\_aug.pdf](http://thinkglobal.us/pdf/2010_07_jul_aug.pdf)

Trade Events in the USA <http://www.buyusa.gov/newzealand/en/usevents.html> See also [www.exporyellowpages.com](http://www.exporyellowpages.com)

**MEMBER NEWS**

**FCS Delivers the First e-Connect System in New Zealand with Hyatt Regency Auckland**

Hyatt Regency Auckland is the first hotel in New Zealand to adopt the latest FCS e-Connect system in a bid to enhance guest satisfaction. The new e-Connect system, a one-touch job automation application, allows guests to make any type of service request direct from their in-room phone.

Hyatt Regency Auckland General Manager, Franz Mascarenhas, says streamlining work service operations through e-Connect software further enables the hotel to provide quick and efficient service.

"We are completely committed to exceeding the expectations of our guests, and the implementation of this new software will certainly aid in the achievement of this objective.

"Additionally with the deployment of e-Connect, inter-department communication is minimised through a centralised tracking system that all staff members can access, increasing productivity and improving customer service," says Mascarenhas.

When a guest makes a service request, the call is instantly transferred to the appropriate Service Fulfilment Agent, and the job is tracked till its completion, or escalated where necessary.

Hyatt International Corporation has been working closely with FCS Solutions for a number of years.

Brantas International Technology Managing Director, Jan Strijker is proud to be associated with Hyatt Regency Auckland, a brand with a well-earned reputation for innovative and authentic hospitality.

"Hyatt Regency Auckland understands the needs of their guests and services are integral to the guest experience. The implementation of e-Connect gives Hyatt staff the tools to input and follow guests service requests, ensuring the highest standards of service is delivered," says Strijker.

FCS CEO Tony Lee is delighted to work alongside experienced partners such as Brantas International, as they understand industry and customer needs.

**New Members**

**Fisher & Paykel Healthcare Corporation Ltd**, Auckland - **Michael G. Daniell**, Managing Director/Chief Executive Officer – Leading designer, manufacturer and marketer of products and systems for use in respiratory care, acute care and the treatment of obstructive sleep apnea. [www.fphcare.com](http://www.fphcare.com)

**Renaissance Corporation Ltd**, Auckland – **Richard Webb**, Chief Executive Officer - The largest enabler of creativity in New Zealand. Renaissance has a team of over 400 employees distributing high-value hardware and software systems and secure supply-chain development and integration solutions. The group manages the distribution of over 50 vendors in New Zealand which include: Apple, Belkin, Canon, Logitech, McAfee, Microsoft, Netcomm and Skull Candy to name a few. The group also builds next generation network and internet appliances in its state of the art manufacturing facility

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**Supporting Amcham**

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and supports its entire infrastructure offering through its world class 24\*7 support and service center. It also operates a specialist tertiary education college with campuses in 3 cities, and the countries largest chain of 11 specialty technology stores. [www.renaissance.co.nz](http://www.renaissance.co.nz)

## People on the move

**Dr Bill Kaye-Blake** is moving from Lincoln University to take up the role of Principal Economist at NZIER.

**Matt Harris** has relocated to Kuala Lumpur with Chris Knell being appointed as CEO for **Chartis New Zealand**.

**Kevin Ackhurst** is moving to Singapore with **Paul Muckleston** taking over as Managing Director of **Microsoft New Zealand**.

**Warrick Grey** has been appointed as Chief Marketing Officer for **Renaissance Corporation Ltd**

**Peter Chrisp** has been appointed as CEO of **New Zealand Trade & Enterprise**. Chrisp is currently based in Sydney with major multinational Norske Skog as Regional President Australia. **Tina Dustdar** has rejoined **New Zealand Trade & Enterprise in New York** as Business Development Manager working with NZ Food & Beverage and Agritech companies

**Bell Gully** has appointed **Cecelia Burgess** as the firms new Chief Operating Officer.

**Ben Long** will lead **Mercer's** wealth Management team in Australia & NZ.

**Zeacom** has appointed **Greg Thompson** as General Marketing Director.

**Stephen Bramlage** is the new General Manager at **O-I New Zealand** transferring from the USA.

The **Wood Processors Association of New Zealand** has appointed **Dr Jon Tanner** as CEO.

The newly rejuvenated luxury five-star hotel, **Hyatt Regency Auckland**, is pleased to announce the appointment of **Nitin Kumar** to the position of executive chef.

## EVENTS & SERVICES

### IBM Global CEO Study 2010- Capitalising on Complexity

Monday 19<sup>th</sup> July IBM shared their Global CEO study with an AmCham audience at their Auckland Office followed with networking refreshments.



Matt English, Partner, Global Business Services IBM Australia presented the overall findings of the study, with insights to where successful organizations are focusing on in these turbulent times:

**Embody creative leadership, Reinvent customer relationship and Build operating dexterity** [IBM Global CEO Study 2010 AMCHAM NZ presentation 19 July](http://www.ibm.com/services/nz/ceostudy2010) For the IBM Global CEO Study 2010 click here <http://www-935.ibm.com/services/nz/ceostudy2010/index.html>

In 2010 for the first time, IBM supplemented insight from the CEO Study with the Global Student Study 2010. IBM received over 3,600 responses from students in more than 40 countries across the world. By asking students many of the same questions they asked CEOs, they were able to discern areas of commonality and difference. Side by side, these two studies provide views of leadership as experienced by two distinctly different groups, as well as implications for the future. In a few short years, Generation Y will be our leaders. Click here for [Student part of IBM Global CEO Study 2010](#)

Thank you to Matt English and Jennifer Moxon and the IBM team for such a thought provoking presentation and hosting.



Jennifer Moxon Managing Director IBM New Zealand and Matt English Partner Global Business Services IBM Australia

## FOR YOUR DIARIES

- 24<sup>th</sup> Aug** Lunch with **Diane Foreman** 2009 New Zealand Ernst & Young Entrepreneur Of The Year. Diane has recently returned from competing at the World Entrepreneur of the Year awards in Monte Carlo where she competed against other country winners for this prestigious title.
- 25<sup>th</sup> Aug** **The AmCham Energy Forum** - The New Zealand Emissions Trading Scheme. Will it work? What can we learn from the experience of similar schemes elsewhere? Join us to hear a keynote address from Franz Litz, US climate change response strategy expert at the World Resources Institute. Then we will have a panel consisting of: **Franz Litz, Senior Fellow, World Resources Institute, Charles Ewart, Lead Country Manager, Mobil Oil New Zealand, Simon Young, Managing Director, The Karo Group** and **Facilitated by Paul Callow, Partner, Corporate Finance, Deloitte** for an interactive discussion on the implications for New Zealand business sponsored & hosted by **Mobil & Deloitte**.
- 16<sup>th</sup> Sept** **Annual AmCham-DHL Express Success and Innovation Awards black tie Dinner** at Hyatt Regency Auckland.

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**BUSINESS TRAVEL**

News, views and information for Amcham business travellers from **Grant Bevin**, Managing Director Business World Travel.

**Business World Travel is a member of the American Express Travel Service Network.**

Mexicana has now suspended ticket sales due to financial problems. The airline has many flights from US destinations down to Mexico, and is used by many of our clients. Our GlobalStar partner in Mexico City has kept us abreast of developments a couple of weeks ago, and so we'd been re-directing our clients prior to this more critical outcome. It pays to have friends in the business!

United Airlines is Number 1 On-Time airline January-June 2010. The statistics for the US domestic market compare the top 5 network airlines within the US. United's efforts have also seen customer satisfaction scores improving by 20% year-over-year in the second quarter.

Whilst on United, the airline's Premium Mileage Plus Frequent Travellers are being offered complementary upgrades on the US-domestic network, where seats are available. No upgrade certificates needed!

Foodies are about to celebrate 2010 New York Restaurant Week, which has actually been extended beyond a week, through to 06 September. This popular celebration of dining in NY sees over 170 restaurants offering three-course prix-fixe lunches at US\$24.07 and three-course prix-fixe dinners for only US\$35. With the calibre of the participants, this is great value. Go to [nycgo.com/restaurantweek](http://nycgo.com/restaurantweek) for details.

scoring sparkling wine; and its Murphy-Goode Cabernet Sauvignon won as the Top Red Wine. Virgin America's Mirassou Sauvignon Blanc was deemed the Top White Wine. All three winning wines are from California wineries. The Top 10 Airlines for Wine Overall - 1. Austrian Airlines 2. Qatar Airways 3. TAM Brazilian Airlines 4. South African Airways 5. Emirates. We have the details about the wine lists that were entered by each of the airlines, so give us a call!

Shanghai Airlines has resigned from Star Alliance, the global alliance which includes United/Continental, US Airways and Air New Zealand, amongst others. China is well covered though by Star Alliance Member Air China.

**TRAVEL**

**US Service Security Update**

US sites to see for updated information visit [www.dhs.gov](http://www.dhs.gov) and [www.safetravel.govt.nz](http://www.safetravel.govt.nz)  
<http://www.tsa.gov/travelers/index.shtm>

**Marketing Opportunities for Members**

Don't forget members have the opportunity of:  
 For more details - phone 09 309 9140

- Platforming your visiting CEOs by having them speak to AmCham
- Sponsoring an events including the Annual Success & Innovation Awards Dinner
- Sponsoring a professional speaker
- Launching products/service through AmCham
- Hosting of Forums,
- Sustaining Member Events or Committee meetings
- Use us for your Event management
- Advertising in our monthly newsletter
- Direct mail or fax marketing to members



US BASED Global Traveller Magazine has announced that their GT 'Wine of the Wing' Annual Contest overall International Airlines winner is Austrian Airlines. The North America First Class/Business Class category (for US domestic network) went to American Airlines, which the judges said shone the brightest. It was the Top Airline of the category; its sparkling wine, Gloria Ferrer Sonoma Brut, was the top-

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Jane Higgle Business World Travel Wellington 04-470 6044 [jhiggle@bwt.co.nz](mailto:jhiggle@bwt.co.nz)

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**US NZ CONNECTIONS IN NEW ZEALAND**

**OSAC New Zealand 2010 Security Symposium - \*\*\*\*postponed\*\*\*\***

The 2010 Security Symposium has regrettably been postponed. The Executive Working Group is working with the US Embassy on a new strategy and we will shortly be in contact with US companies here in NZ.

Membership of OSAC New Zealand is **free** for US companies and provides members with advices of Special Notices re security warnings, threat analysis and other security advisory services. For more info on OSAC see [www.ds-osac.org](http://www.ds-osac.org) (there is also a New Zealand county specific site at this website) or contact OSAC New Zealand Secretariat, Mike Hearn on tel: 09-309-9140 or email [mike@amcham.co.nz](mailto:mike@amcham.co.nz)

**Kiwi Expat Association** – [www.keanewzealand.com](http://www.keanewzealand.com)

**American Club** – Auckland <http://www.americanclub.org.nz/>

**American Women’s Club** – Auckland [www.awcauckland.com](http://www.awcauckland.com)

**New Zealand-American Association** – Wellington [www.nzaa.org.nz](http://www.nzaa.org.nz)

**Wanganui New Zealand American Association** [donnarush@clear.net.nz](mailto:donnarush@clear.net.nz)

**American Women’s Network** – Wellington [www.awn.co.nz](http://www.awn.co.nz)

**American Club of Christchurch** – [www.american-club-chch.org](http://www.american-club-chch.org)

**Peter Brown Memorial Friendship Award**

The American Club of Auckland is sponsoring a scholarship to assist an undergraduate or graduate student to study in the United States. Created to encourage friendlier relations between New Zealand and the United States, the Peter Brown Memorial Friendship Award provides at least NZ\$1,000 for study at an accredited university or college. Deadline is 10 September and the successful candidate will be notified in October.

If you have any questions, give Kim Daly a bell at 09-303-0232 or drop me an email (I’ll be in the States from 14 July to 20 August, so you can send any questions then to [enquiries@americanclub.org.nz](mailto:enquiries@americanclub.org.nz)).

**Watch US TV**

USTVNow is offering a free service for people who want to watch **ABC, CBS, CW, FOX, NBC, and PBS** from anywhere outside the USA. Just go to <http://www.ustvnow.com>

**Student looking for summer internship**

Jesse Thomas is a 3rd year student (of a 4 year course) at Massey University. Studying a Bachelor of Business/Bachelor of Science Conjoint course. Particular skills include business planning and analysis, marketing/marketing research, administration, coordination, and applied mathematics. Looking for a summer internship.

Experience includes - Founder Chairman of The Collaboration Committee; President, The Massey League Initiative; Chairperson, Business Student Group Jun 2008-Feb 2010; Chairman, Waitakere City Youth Council, Promotions Subcommittee — Jun 2006-Dec 2007. Contact Jesse: [Jessestomas5@mac.com](mailto:Jessestomas5@mac.com) Tel: 021-0241-8912

**GENERAL**

**US persons abroad**

By Gina M Wallace CA PP and John M Carr CPA

It is important for US persons abroad to be aware of the many additional disclosure requirements that they may need to make each year in addition to filing a US tax return. US persons include US citizens, lawful permanent residents and resident aliens.

**A Report of Financial and Bank Accounts (FBAR)** is required where a US person has an interest in, or signing authority over, accounts whose value(s) exceed(s) US\$10,000 at any time during a year. This includes the business accounts of companies, trusts and partnerships where the taxpayer may have signing authority over the bank accounts.

All foreign accounts with balances which in the aggregate exceed US\$10,000 at any time during a year will need to be disclosed to the US government by filing an FBAR.

Of note is that the furnishing of the form does not in itself create a tax liability. It is merely a disclosure. However, penalties may be applied for failure to make the disclosure.

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Also of note is that, if interest is earned on a foreign account arising to a Schedule B being filed as part of the US person's tax return, there is a question at the bottom of Schedule B asking:

*'At any time during 2009, did you have an interest in or a signature or other authority over a financial account in a foreign country, such as a bank account, securities account, or other financial account?'*

*' If "Yes," enter the name of the foreign country'*

Therefore the IRS is made aware of an interest in a foreign bank account for which the FBAR may be required where Schedule B is filed, even though the FBAR may not be filed.

### **Form 5471 Information Return of U.S. Persons With Respect To Certain Foreign Corporations**

US persons with shareholdings in a foreign corporation which exceed 10% are required to furnish Form 5471 annually.

Interests in foreign corporations are categorised as 2, 3, 4 and/or 5, depending on the level of acquisition, or divestiture that occurred during the year, and the shareholding at year end.

The level of disclosures required, and hence the complexity of the form, varies widely. The maximum disclosure requirements are for any acquisitions during the year by a US person resulting in an interest of 10% or more in the foreign corporation being reached, and where the interest is more than 50%.

In this case Form 5471 becomes a multi-page document encompassing an income statement and balance sheet prepared using United States' generally accepted accounting practice (US GAAP) and several supplementary schedules.

Other disclosures that may be required to be made (depending on the category) include foreign exchange rates used for conversion from local currency into US dollars, the adjustments made from the foreign currency's books of accounts to arrive at US GAAP financials, transactions with shareholders and accumulated earnings, to name some.

At the other end of the scale, only a few basic details for a *dormant foreign corporation* are required, the definition of which is available under the Internal Revenue Code (IRC).

### **Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts**

Schedule B also requires disclosure of interests and transactions between the US person filing the tax return and a foreign trust with the following question:

*'During 2009, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520.'*

A foreign trust for this purpose is any trust other than a domestic trust. A domestic trust is any trust if:

- ◆ A court within the United States is able to exercise primary supervision over the administration of the trust and
- ◆ One or more US persons have the authority to control all substantial decisions of the trust.

There are several types of transactions which may require Form 3520 to be furnished, if they occur during a US tax year. The most common types are:

- ◆ Property is transferred by a US person into a foreign trust.
- ◆ The US person is deemed to be the owner of all of, or a portion of the foreign trust under the grantor trust rules.
- ◆ A US person held an outstanding obligation of a related foreign trust during the current tax that is reported as a "qualified obligation".
- ◆ A distribution was made from a foreign trust to a US person.
- ◆ The US person received certain gifts or bequests from a foreign person.
- ◆ Transfers to a foreign trust are made by the executor of an estate of a US decedent.

Deemed US owners of foreign trusts (under the grantor trust rules) must also file **Form 3520-A Annual Information Return of Foreign Trust With a US Owner**. This form includes an income statement and balance sheet for the foreign trust, and an annual statement for each US owner and US beneficiary. The annual statements show income attributable to each US person from the foreign trust, and details of property distributed or deemed to have been distributed during the tax year.

Under the IRC the grantor trust rules determine whether a person is an owner of a trust or not and subsequently how the income and assets of the trust are to be treated for tax purposes.

*For further information please contact This article provides general information which is current at the time of publication. The information contained in this article does not constitute advice and should not be relied upon as such. Professional advice should be sought prior to actions being taken based on the information contained in this newsletter.*

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