



Report to the Secretary of Defense

**ENGAGING US BUSINESS
IN SUPPORT OF NATIONAL
SECURITY OBJECTIVES
TASK GROUP REPORT**

Report FY08-1

- **Recommendations for creating a productive partnership between the U.S. business community and the U.S. Government in targeted countries to create positive outcomes for American economic and foreign policy interests.**

January 16, 2008

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ENGAGING US BUSINESS IN SUPPORT OF NATIONAL SECURITY OBJECTIVES TASK GROUP REPORT

TASK

The Defense Business Board (DBB) Task Group on Engaging U.S. Business in Support of National Security Objectives was formed because of the firm belief that the engagement of American business in targeted countries and regions creates positive outcomes for American economic and foreign policy objectives, as well as, for job creation and economic development. The U.S. Government does not often consider the business community a natural or strategic partner in the pursuit of American foreign policy objectives, so the DBB developed a set of actionable recommendations for the Secretary of Defense and his peers in the Cabinet to actively engage the U.S. business community.

In areas of the world where our diplomatic or military resources are deployed, and perhaps even more strategically where they are not, interactions with the business community are episodic and event-driven. There is no ongoing, systematic and focused dialogue between business and military or diplomatic personnel concerning the U.S. Government's foreign policy initiatives, objectives or concerns. Nevertheless, there is ample evidence that business involvement in a country and region can help create outcomes that are more favorable to U.S. and allied interests including job creation, economic development and improved prosperity and global connectivity.

Specific deliverables of this Task Group were:

- o Recommendations for creating a productive partnership between U.S. businesses and the U.S. Government in any region of the world where our foreign policy interests require us to be engaged;
- o Recommendations to improve the partnership between U.S. businesses and the U.S. Government in regions of the world where our national interests are engaged; and

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- o Recommendations on how the Combatant Commanders can engage the business community as a strategic partner in current operations and in contingency planning.

This report summarizes the findings and recommendations of the DBB on this topic.

Task Group Chairman: Carly Fiorina

Task Group Members: Barbara Barrett,
Fred Cook (DBB Vice Chairman)
Henry Dreifus
Atul Vashistha
Joe Wright

Task Group Executive Secretary: Kelly Van Niman (DBB Executive Director)

RECOMMENDATIONS

The Task Group developed the following recommendations focused on three areas of activity: national, regional and governmental.

1. National Activities:

- The Secretaries of State, Defense, Commerce and Treasury, with the endorsement of the President, should meet regularly with existing, established business associations, non-governmental organizations and CEO's to review foreign policy objectives, priorities and concerns in targeted countries/regions.
 - o Targeted countries are those that would benefit from U.S. business presence, that need intensive diplomatic effort, and that have potential for US military presence.
 - o CEOs should share their foreign investment criteria, experiences/outcomes and interests.
 - The biannual meetings of the Business Round Table, the U.S. Chamber of Commerce, and the National Association of

Defense Business Board

Manufacturers are representative high-level fora where such dialogue would be productive.

2. Regional Activities:

- Deployed State Department diplomatic personnel, Department of Commerce Commercial Attaches, as well as, forward deployed Combatant Commanders should meet regularly with the U.S. business leaders in their theater of operation regarding targeted countries/regions.
 - Incorporate into the Ambassadors' Mission Program Plans.
 - Incorporate into the Combatant Commander's Theater Engagement Plan, including specific details in the appropriate sections for all contingency operations plans.
 - If no forum exists on a regional or country basis, State, Defense and Commerce should create such a forum on a coordinated basis and meet regularly in the targeted country/region. This proactive regional dialogue should be for the same purpose as the national forum described above.
- Use AFRICOM and/or SOUTHCOM as a pilot. Require State and Defense, working with Commerce and Treasury, to coordinate across the branches of Government to create a clear plan for economic development in the targeted country/region.
 - Create a business board in the region to meet regularly to refine the plan and engage private sector expertise and investment.
 - Establish performance metrics for the State, Defense, Commerce and Treasury personnel responsible for creating and executing the plan.
 - Communicate the plan's objectives to the host nations.
 - Incorporate the plan's objectives into the Combatant Commanders' Joint Strategic Capabilities Plan and all relevant theater contingency plans annexes.

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3. Government Activities:

- As part of any U.S. Government engagement in a targeted country/region, we must first establish an understanding of the markets in which that country participates.
- State, Defense, Commerce and Treasury must create an economic model of the targeted country/region to better inform U.S. Government program choices, and to better understand which private sector initiatives would have the most impact on job creation, economic growth and stability.
- State's Commercial Counselors must be tasked to create U.S. investment in targeted countries – not just pave the way for improved U.S. sales.
- For targeted countries/regions, the U.S. Government must create a coordinated plan for economic development, utilizing existing funds if relevant (Overseas Private Investment Corporation, for example) or creating new ones as necessary (such as in Poland with the US-Polish Enterprise fund by example).
 - Ambassadors of targeted countries/regions countries should have a top-5 “plan of investment.” U.S. companies and, as appropriate, our allies' companies need to be encouraged to invest in a way that is consistent with a country's/region's sustainable growth and development.
 - Investment decisions are made by the businesses alone, acting in the companies' own economic best interests, not as a result of coercion or political pressure.
 - In-country Department of Commerce Foreign Commercial Service Officers should be tasked to support U.S. corporations as they make informed investment decisions in targeted countries/regions.

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CONCLUSION

The DBB Members deliberated and concurred on these recommendations during the January 16, 2008 quarterly Board meeting (TAB A). Subsequently, these recommendations were delivered to the Secretary of Defense (TAB B). The Board respectfully suggested that the Secretary of Defense meet with the Chairman of the Joint Chiefs and the Combatant Commanders to discuss these recommendations. After these discussions, the DBB recommended that the Secretary of Defense meet with the Secretaries of State, Commerce, Treasury, the U.S. Trade Representative and appropriate personnel on the White House staff to discuss these specific recommendations.

The Board also agreed to the following additional recommendations that should be considered at the appropriate time:

- State and Defense should “piggy back” on the Department of Commerce Trade Missions, in concert with the U.S. Trade Representative, to help achieve a coherent approach to trade, aid and economic development, consistent with our diplomatic and military objectives in a targeted country/region.
 - The business community can be an effective communicator with Congress regarding the need to “do no harm”
- Consider a “loaned executive” program (overseas) between business and government, to further understanding, build relationships and cement partnerships.

Respectfully submitted,

A handwritten signature in cursive script, reading "Carly Fiorina".

Carly Fiorina

Defense Business Board

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APPENDIX A

(TASK GROUP FINAL REPORT – JANUARY 16, 2008)

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DEFENSE BUSINESS BOARD

Task Group on Engaging US Business in Support of National Security Objectives

January 2008



DBB Task Group

Carly Fiorina (Task Group Chairman)

Barbara Barrett

Henry Dreifus

Fred Cook

Atul Vashistha

Joe Wright

Task Group Executive Secretary

Kelly Van Niman, DBB Executive Director



- Deliverables

- Recommendations for creating a productive partnership between U.S. business and the U.S. Government in any region of the world where our foreign policy interests require us to be engaged
- Recommendations to improve the partnership between U.S. business and the U.S. Government in regions of the world where our national interests are high
- Recommendations on how the Combatant Commanders can engage the business community as a strategic partner in current operations and in contingency planning

- Milestones

- Final Recommendations – January 2008 (DBB meeting)



Premise

- Overwhelming evidence suggests the engagement of American business in a country or region creates jobs, economic development and reduces cultural isolation
- This engagement furthers US economic and foreign policy interests
- There is no systematic or focused dialogue between the US business leadership and the regional Combatant Commanders
- Similar poor dialogue with Department of State diplomatic personnel concerning foreign policy initiatives, objectives or concerns
- Business community can drive job creation and economic development, consistent with its own investment objectives, and will assist if they understood this to be a clear foreign policy priority.



RECOMMENDATIONS

- The Secretaries of State, Defense, Commerce and Treasury, with the endorsement of the President, should meet regularly with existing, established business associations, non-governmental organizations and CEO's to review foreign policy objectives, priorities and actionable concerns in targeted countries.
 - Targeted countries are those that would benefit from US business presence, that need intensive diplomatic effort, and that have potential for US military presence
 - CEOs should share their foreign investment criteria, experiences/outcomes and interests.
 - The biannual meetings of the Business Round Table, the U.S. Chamber of Commerce, and the National Association of Manufacturers are representative high-level fora where such dialogue would be productive.



RECOMMENDATIONS

- Require deployed State Department diplomatic personnel, Department of Commerce Commercial Attaches, as well as, forward deployed Combatant Commanders, to meet regularly with the U.S. business leaders in their theater of operation regarding targeted countries.
 - Make this part of Ambassadors' Mission Program Plans.
 - Make this an ongoing part of the Combatant Commander's Theater Engagement Plan, including specific details in the appropriate sections for all contingency operations plans.
 - If no forum exists on a regional or country basis, State, Defense and Commerce should create such a forum on a coordinated basis and meet regularly. This proactive regional dialogue should be for the same purpose as the national forum described above.



RECOMMENDATIONS

- Use AFRICOM and/or SOUTHCOM as a pilot. Require State and Defense, working with Commerce and Treasury, to coordinate across the branches of Government in creating a clear plan for economic development.
 - Create a Business Board in the region to meet regularly to refine the plan and engage private sector expertise and investment.
 - Establish performance metrics for the responsible State and Defense personnel.
 - Communicate our objectives to the hosting nations.
 - Make this a part of Combatant Commanders' Joint Strategic Capabilities Plan and an annex in all relevant theater contingency plans.



RECOMMENDATIONS

- As part of any U.S. Government engagement in a targeted region/country, we must first establish an understanding of the markets in which that country participates.
- State, Defense, Commerce and Treasury must create an economic model of the targeted country and region to better inform their choices for regional initiatives and to formulate a better understanding of the possible private sector initiatives that would have the most impact on job creation, economic growth and stability.
- State's Commercial Counselors must be tasked to create U.S. investment in targeted countries not just pave the way for improved U.S. sales.



RECOMMENDATIONS

- For targeted countries, the USG must create a coordinated plan for economic development, utilizing existing funds if relevant (Overseas Private Investment Corporation, for example) or creating new ones as necessary (such as in Poland with the US-Polish Enterprise fund by example). Ambassadors for these countries should have a top-5 “plan of investment”. U.S. and as appropriate our allies’ companies need to be encouraged to invest in a way that is consistent with a country’s sustainable growth and development.
 - Investment decisions are made by the businesses alone, acting in the companies’ own economic best interests, not as a result of coercion or political pressure.
 - In-country Department of Commerce Foreign Commercial Service Officer should be tasked to support U.S. corporations as they make informed investment decisions in the selected countries or regions.



NEXT STEPS

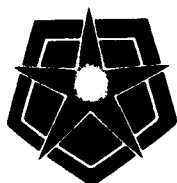
- We recommend that the Secretary of Defense meet with the Chairman of the Joint Chiefs and the Combatant Commanders to discuss these recommendations
- THEN meet with the Secretaries of State, Commerce, Treasury, the U.S. Trade Representative and the White House to discuss these specific recommendations
- Other recommendations should be considered at the appropriate time, such as:
 - State and Defense should “piggy back” on the Department of Commerce Trade Missions, in concert with the U.S. Trade Representative, to help achieve a coherent approach to trade, aid and economic development, which is consistent with our diplomatic and military objectives in a targeted nation.
 - the business community can be an effective communicator with Congress regarding the need to “do no harm”
 - Consider a “loaned executive” program (overseas) between business and government, to further understanding, build relationships and cement partnerships.

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APPENDIX B

(JANUARY 25, 2008 MEMO TO THE SECRETARY OF DEFENSE)

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DEFENSE
BUSINESS
BOARD

DEFENSE BUSINESS BOARD
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155

January 25, 2008

The Honorable Robert M. Gates
Secretary of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Mr. Secretary:

On behalf of the Defense Business Board, we respectfully submit our recommendations for creating a productive partnership between the U.S. business community and the U.S. Government in any region of the world where our foreign policy interests require us to be engaged. We believe there is overwhelming evidence that the engagement of American business creates positive outcomes - for American economic and foreign policy interests, as well as, for job creation and economic development in these countries. We recommend you and your peers in the Cabinet actively engage the business community as a natural partner in the pursuit of foreign policy objectives, and we hope you find our suggestions below to aid you in this critical mission.

PREMISE:

The U.S. Government does not often consider the business community a natural or strategic partner in the pursuit of American foreign policy objectives. In areas of the world where our diplomatic or military resources are deployed, and perhaps even more strategically where they are not, interactions with the business community are episodic and event-driven or virtually non-existent. There is no ongoing, systematic and focused dialogue between business and military or diplomatic personnel concerning the U.S. Government's foreign policy initiatives, objectives or concerns. Nevertheless, there is ample evidence that business involvement in a country and region can help create outcomes that are more favorable to U.S. and allied interests including job creation, economic development and improved prosperity, and better global connectivity.

For example, in India during the 1990's a steady stream of American businesses entered the market in search of engineering talent and customer service employees. Jobs were created and western management techniques were introduced, which contributed to a rising standard of living and a burgeoning middle class. In that process, the generally anti-American, pro-Soviet sentiment that prevailed throughout India in the



1970's and 1980's, gave way to a far more positive outlook about America and its objectives.

Today, India is a vital ally and trading partner. Today, in China, American businesses are key allies of the Chinese government as they pursue their domestic growth agenda. Chinese policy makers share details from their five-year plans with American business executives and ask for their support. The American business community was a major advocate of the successful Chinese entry into the World Trade Organization. The Chinese and American economies are inter-dependent and American technology and technology companies play a critical role in the further opening of Chinese society. Indeed, in China today one could argue that American commercial enterprises collectively have more direct influence on Chinese policy than all our government-sponsored efforts.

Iraq provides a vivid example of the difficulties of pursuing a major military and diplomatic initiative absent an effective engagement of the business community or a timely plan for economic development and job creation. High unemployment and under-employment rates – estimated as high as 50% - have clearly contributed to instability in Iraq. While the Task Force to Improve Business and Stability Operations in Iraq has achieved some success, and competent, well-intentioned personnel have worked with dedication; these efforts began too late. Progress was further hampered by the lack of a coherent, holistic plan which drew upon the expertise and investment capabilities of American business, and which engaged all appropriate branches of government. In addition, the business community received no clear call from government that investment in the Iraqi economy or purchase of Iraqi goods and services was a priority.

How different might the situation on the ground in Iraq be today if a comprehensive plan for economic reconstruction had been incorporated into the war plans? And what if that plan had been communicated to the American business community and shaped by its expertise and interests in the region? And what if that plan had been driven by a coordinated effort among the Departments of State, Defense, Treasury and Commerce, and championed by the President? And what if American companies were invested in the success of the Iraqi economy?

PROPOSAL:

The Defense Business Board recommends that the U.S. Government revise how it views the role of the business community to support U.S. security and foreign policy objectives. Poverty and high unemployment contribute to instability and incubate a climate where extremism and anti-American sentiment can take hold. While U.S. foreign assistance and philanthropy are important tools, sustained commercial investment and job creation are critically necessary to develop sustainable economies and to raise standards

of living. The ongoing engagement of entrepreneurs and business people in a country is an effective way of representing American ideals and our way of life. American companies of all sizes are aggressively seeking new growth markets. The Middle East, Africa, Latin America and Asia are all high-growth opportunities for many companies.

The State Department will be releasing a report on Transformational Diplomacy. This report will recommend that the State Department take the lead role in pursuing our foreign policy objectives and coordinate more effectively with the Departments of Defense, Commerce and Treasury. In addition, the report will advocate that State become proactive in engaging the private sector in pursuit of these objectives. The Defense Business Board is making the following recommendations to you as the Secretary of Defense to both assist the Defense Department in developing its response to the Report on Transformational Diplomacy, as well as, to augment that Report with some specific suggestions on how to more effectively engage the business community as a strategic partner to all branches of our Government in any theater of the world where our national interests are at stake.

RECOMMENDATIONS:

A distinct change in culture and mindset for both industry and government will be necessary to establish effective business-government collaborations. Success is possible, as evidenced in Singapore, Japan and China, which have established business-government collaborations to effectively achieve their goals internationally. Creating a strong, active partnership between the branches of U.S. Government and U.S. companies will not happen naturally. Connective tissue and mutual understanding must be built systematically and over time.

As we reference "targeted countries" in following specific recommendations, we are referring to countries that would benefit from a U.S. business presence, that need intensive diplomatic effort, and that have potential for U.S. military presence. We recommend that you meet with the Chairman of the Joint Chiefs and the Combatant Commanders to discuss these recommendations, and then with the Secretaries of State, Commerce, Treasury, the U.S. Trade Representative and the White House to discuss these specific recommendations:

1. The Secretaries of State, Defense, Commerce and Treasury, with the endorsement of the President, should meet regularly with existing, established business associations, non-governmental organizations and CEO's to review foreign policy objectives, priorities and actionable concerns in targeted countries. At these same forums, CEOs should share their foreign investment criteria, experiences / outcomes and interests. The biannual meetings of the Business Round Table, the American Chamber of Commerce, the National Association of Manufacturers, the

American Electronics Industry, and Business Executives for National Security, etc., are representative high-level fora where such dialogue would be productive.

2. As part of any U.S. Government engagement in a targeted region/country, we must first establish an understanding of the markets in which that country participates. State, Defense, Commerce and Treasury must create an economic model of the targeted country and region to better inform their choices for regional initiatives and to formulate a better understanding of the possible private sector initiatives that would have the most impact on job creation, economic growth and stability. State's Commercial Counselors must be tasked to create U.S. investment in targeted countries – not just pave the way for improved U.S. sales.
3. Require deployed State Department diplomatic personnel, Department of Commerce Commercial Attaches, as well as, forward deployed Combatant Commanders, to meet regularly with the U.S. business leaders in their theater of operation regarding targeted countries. Make this part of Ambassadors' Mission Program Plans. Make this an ongoing part of the Combatant Commander's Theater Engagement Plan, including specific details in the appropriate sections for all contingency operations plans. If no existing forum exists on a regional or country basis, State, Defense and Commerce should create such a forum on a coordinated basis and meet regularly. This proactive regional dialogue should be for the same purpose as the national forum described above.
4. Use AFRICOM and/or SOUTHCOM as a pilot. Require State and Defense, working with Commerce and Treasury, to coordinate across the branches of Government in creating a clear plan for economic development. Create a Business Board in the region to meet regularly to refine the plan and engage private sector expertise and investment. Establish performance metrics for the responsible State and Defense personnel. Communicate our objectives to the hosting nations.
5. For targeted countries, the U.S. Government must create a coordinated plan for economic development, utilizing existing funds if relevant (Overseas Private Investment Corporation, for example) or creating new ones as necessary (such as in Poland with the US-Polish Enterprise fund for example). Ambassadors for these countries should have a top-5 "plan of investment" for their country of assignment. U.S. and, as appropriate, our allies' companies need to be encouraged to invest in a way that is consistent with a country's sustainable growth and development. These investment decisions are made by the businesses alone, acting in the companies' own economic best interests, not as a result of coercion or political pressure. However, business risk can be lowered by the active engagement of the U.S. Government in the targeted country or region and/or by the availability of investment funds. Further, the in-country Department of

Commerce Foreign Commercial Service Officer should be tasked to support U.S. corporations as they make informed investment decisions in the selected countries or regions.

ADDITIONAL CONSIDERATIONS:

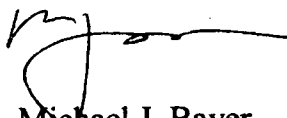
The recommendations above require not just new thinking, but new skills and structures, as well. Recruiting, training and other personnel development will be required. Business can help to a great extent. Other organizations such as the World Bank or the United Nations can also be of assistance. Other branches of Government can provide support and expertise.

New structures and processes to initiate, track and leverage activities with business will be required, as well. As a starting point, we believe a specific individual, team or Department should be designated to oversee these activities on behalf of the U.S. Government. Within the Departments of Defense and State, other supporting structures may be necessary. However, we recognize that we are at the very beginning of a new way of both thinking and acting, and that we must therefore learn as we move ahead. The Defense Business Board believes other recommendations should be considered at the appropriate time, such as:

1. State and Defense should "piggy back" on the Department of Commerce Trade Missions, in concert with the U.S. Trade Representative, to help achieve a coherent approach to trade, aid and economic development, which is consistent with our diplomatic and military objectives in a nation. At the very least, and properly focused, the business community can be an effective communicator with Congress regarding the need to "do no harm."
2. Consider a "loaned executive" program (overseas) between business and government, to further understanding, build relationships and cement partnerships.

The Defense Business Board looks forward to remaining engaged on this important initiative and is prepared to assist you and the Department in an ongoing capacity. We would welcome a brief meeting to discuss our recommendations.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael J. Bayer", with a stylized flourish at the end.

Michael J. Bayer
Chairman