

## Launch of the Kenneth B. and Anne H.H. Pyle Center for Northeast Asian Studies

On November 17, 2006 NBR formally established the Kenneth B. and Anne H.H. Pyle Center for Northeast Asian Studies. The Center's inaugural activities were held in Seattle and included a major international conference and a black-tie gala at Benaroya Hall—home of the Seattle Symphony.

*(Continued on p. 2)*



(Left to right) Mr. George Russell, Dr. Kenneth Pyle, and Mrs. Anne Pyle

## Pandemic Influenza Vaccines

### *Building a Platform for Global Collaboration*

Vaccination may be our best defense against pandemic influenza and other emerging infectious disease threats, but the misalignment of incentives for collaboration and transparency as well as insufficient access to strain and sequence databases pose major barriers to progress in vaccine research and development.

On January 28–30 the “Pandemic Influenza Vaccines: Building a Platform for Global Collaboration” workshop convened 80 leaders from policy, public health, science, and industry in Beijing. In its effort to clarify critical problems and facilitate cross-border collaboration on vaccine research, development, manufacturing, and delivery, the workshop took a step in the direction of building a platform for global collaboration on pandemic influenza vaccines.

The Chinese Center for Disease Control and Prevention (CDC) and the NBR Center for Health and Aging co-presented the workshop with sponsorship from the Bill & Melinda Gates Foundation and Wellcome Trust. In June, the Pacific Health Summit will focus on these topics and incorporate workshop findings into the Summit process.

Lack of demand for existing seasonal influenza vaccines contributes to an underdeveloped manufacturing capacity for pre-pandemic vaccines. The patchwork global infrastructure for distribution as well as uncertainties about pre-pandemic vaccine storage and dosage also represent significant barriers to ensuring access to effective vaccines. Likewise, timing is a critical concern. Although streamlined regulatory and production processes could conceivably shrink manufacturing and paperwork to three months, the estimated time for a pandemic to reach full scale is only two months.

The challenge is to provide authorities with decisionmaking tools that illustrate realistic scenarios at home and abroad—

*(Continued on p. 4)*

## Pacific Health Summit

Seattle, Washington  
June 12–14, 2007

Partner organizations for the Pacific Health Summit are NBR, the Bill & Melinda Gates Foundation, and the Fred Hutchinson Cancer Research Center.

## NBR Headquarters Relocates to Downtown Seattle

In January NBR consolidated its Seattle offices with a move to the center of downtown. Our new office is located in the Financial Center on Fourth Avenue.

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### Inside:

- ∞ Shalikhshvili Chair Selection Process
- ∞ Russia and the WTO
- ∞ The Rise of Asia's National Oil Companies



(Pyle Center for Northeast Asian Studies, continued from p. 1)

Approximately three hundred people from the academic, corporate, and government communities joined NBR board and staff members at the center's formal dedication. Guests at the gala dinner enjoyed a remarkable program featuring a keynote address by Pulitzer Prize winning columnist George F. Will and musical performances by world-renowned classical violinist Kyoko Takezawa and the best of Seattle's Suzuki students. Tribute remarks came from a host of notables including former vice president Walter Mondale and former secretary of state George Shultz. Mrs. Mona Locke, who served as the evening's MC, used her journalistic skills to interview a panel of Professor Pyle's former students about his influence on their lives and careers.

The conference, entitled "Pursuing Security in a Dynamic Northeast Asia," was chaired by former Washington state senator Slade Gorton and former Japanese ambassador to the United States Yoshio Okawara. Over the course of two days, panelists and participants examined how security in Northeast Asia will be maintained over the coming five to ten years.

The goal of the inaugural conference was twofold: to honor NBR's founding president and pioneering leader in the field of Japan studies, Professor Ken Pyle, and to bring together some of the top Northeast Asia specialists from around the globe and across the professional spectrum to examine the



Mr. George F. Will delivering the keynote address at the dedication of the Kenneth B. and Anne H.H. Pyle Center for Northeast Asian Studies

future of this vital region. The presence of such diverse conference participants demonstrated the comprehensive approach that the new Pyle Center will take with regard to future projects aimed at addressing political, economic, and security dynamics in tandem with complex historical legacies in an increasingly interconnected world.

As part of a post-conference publication series, NBR published the third issue of *Asia Policy*, a peer-reviewed, policy-oriented, scholarly journal that includes Professor Pyle's keynote remarks and a Special Roundtable featuring select conference presentations.

For additional information about the Pyle Center, please visit <[www.nbr.org/programs/northeast](http://www.nbr.org/programs/northeast)>.



(Left to right) Dr. Stephen Rosen, Mrs. Maria Cattai, Dr. Robert Scalapino, and Dr. Kenneth Pyle

## The 17th Annual People's Liberation Army (PLA) Conference

The ongoing modernization of the PLA has captured regional and global attention and will continue to do so. The 2006 People's Liberation Army (PLA) Conference, entitled "Exploring the 'Right Size' for China's Military: PLA Missions, Functions, and Organization," was co-hosted by NBR and the U.S. Army War College (AWC) on October 6–8, 2006 at Carlisle Barracks, Pennsylvania, with support from L-3 Communications.

The conference examined the timely topic of the driving forces behind this modernization, focusing on two key topics: what is the "right size" for China's military from the perspective of expressed PLA missions, and what are the resulting implications both for the region and for the United States?

From the army to the air force, and from the navy to strategic systems, China is working to align real capabilities with the strategic goals they support. Enabled by a relatively benign threat environment—in which the most pressing challenges come from within rather than from abroad—the PLA has pursued modernization efforts largely unconstrained, orienting itself toward potential and long-term threats. Understanding PLA "haves, wants, and needs" on a service-by-service basis will help analysts and policymakers make more informed judgments on issues related to national security in the region.

This fall NBR will be partnering with the AWC for a second year to co-host the 2007 PLA Conference, "The 'Human Factor' in the PLA: Recruitment, Training, and Education in China's 80-Year-Old Military."

The 2006 conference colloquium brief is now available through NBR's website ([www.nbr.org](http://www.nbr.org)), and the edited conference volume will be available in fall of 2007.

## Shalikashvili Chair Selection Process Begins

In April a special selection committee for the John M. Shalikashvili Chair in National Security Studies began the recruitment process to find the inaugural chair holder. The mission of the Shalikashvili Chair is to advance the study of national security issues and address critical U.S. interests in Asia. The committee is seeking a former senior policymaker, senior practitioner, or distinguished scholar in the national security field as the chair holder. The chosen individual will work to inform and strengthen the understanding of U.S. policymakers on



General (ret.) John M. Shalikashvili

critical current and long-term national security issues. The appointment will be announced in September.

During a two-year renewable tenure, the chair holder will conceptualize and advise new security-related research projects at NBR, write and publish, guide security-related seminars and conferences, and give briefings and presentations to senior policymakers and business leaders. The chair holder will also advise the Strategic Asia Program, for which General Shalikashvili serves as Senior Advisor.

Lead funding for the Shalikashvili Chair has been generously provided by: The Russell Family Foundation, Mr. Thomas O'Gara, L-3 Communications, The Boeing Company, TriWest Healthcare Alliance, Chevron Corporation, The Clinton Family Foundation, The Heinz Family Foundation, Dr. and Mrs. William Perry, Plug Power, Mr. Alan Washkowitz, Dr. and Mrs. John White, and over one hundred other companies and individuals. A full list can be accessed at: <http://www.nbr.org/programs/cass/shali/securing.htm>.

For more information on the Shalikashvili Chair, please visit [www.nbr.org/programs/cass/shali/index.htm](http://www.nbr.org/programs/cass/shali/index.htm). For special contributions to the endowment, please contact Brigitte Allen at [bmallen@nbr.org](mailto:bmallen@nbr.org).

## Islamic Finance and Banking in Southeast Asia

### *Local Practices, Global Impact*

Islamic finance is an emerging global phenomenon with far-reaching implications for international markets. Islamic law (*shariah*) prohibits interest payments, entails risk- and profit-sharing, and emphasizes ethical investments that contribute to the greater good of society. Gulf state governments and investors hold a combined \$1 trillion in assets and overseas portfolios, while shariah-compliant assets currently total \$300 billion and are growing at 15% annually. Southeast Asia, which is home to one-third of the world's Muslim population and has a regional savings rate of 35–40% of GDP, represents a significant new market—and source—for global capital. Islamic insurance, banking, and other financial products offer both an appealing alternative to conventional portfolios and potential avenues for integrating Muslim communities and their capital into global markets and networks.

NBR is planning a one-day conference in Washington, D.C., in October 2007

to bring together experts in Islamic law, representatives from international financial institutions, government analysts, and other stakeholders to examine global trends in Islamic finance, the correlation between Islamic social values and financial decisionmaking, and the challenges Islamic finance presents to U.S. and other Western regulatory standards as well as to geopolitical relations. Experts from the World Bank, the Islamic Finance Services Board, and leading U.S. and Southeast Asian law firms specializing in Islamic finance have confirmed participation in this initiative. A subsequent NBR publication analyzing Islamic finance trends in Southeast Asia and assessing implications for government policy and corporate interests will highlight key findings from the conference and serve as the basis for a series of briefings for government officials and business leaders in the United States and Southeast Asian capitals.

For more information on the Islamic Finance and Banking project, please contact Mercy Kuo at [mkuo@nbr.org](mailto:mkuo@nbr.org).

## *Strategic Asia 2007–08* Forthcoming in September

Work on the new *Strategic Asia* volume is now well underway, with Dr. Ashley Tellis continuing to serve as Strategic Asia research director. This year's book will examine the impact of domestic political transitions taking place in major Asian states on their foreign policymaking and strategic thinking. Authors are assessing the nature of governance and political stability, the prospects for democratization, and the likelihood of nationalist, ethnic, or religious politics in Asia, and will analyze how these dynamics affect the international and strategic relations of the region. Each chapter will conclude with an assessment of the implications of these trends for the United States. As always, the forthcoming *Strategic Asia* volume will include a number of topical studies on critical transnational security issues.

*(Continued on p. 6)*

## Key Publications

☞ *NBR Analysis*, vol. 18, no. 2 (March 2007)

“Nuclear Asia: U.S. Policy in an Age of Proliferation”

Mitchell Reiss and Gary Samore



☞ *NBR Special Report*, no. 12 (March 2007)

“Russia and the WTO: A Progress Report”

Steve Hanson, Philip Hanson, Juliet Johnson, Stephen K. Wegren, and Peter Rutland



☞ *NBR Special Report*, no. 11 (February 2007)

“The Measure of a Nation: Quantifying Innovative Strength through Improved Service Sector Metrics”

Prepared by John Graham in consultation with the NBR Commission on Measuring Services in the U.S. Economy: Steven Davis, Douglas Lippoldt, Catherine L. Mann, and Jack Triplett



☞ *Asia Policy*, no. 3 (January 2007)

Kenneth Pyle, Aaron Friedberg, Michael Green, Robert Scalapino, Francis Fukuyama, Dwight Perkins, Nicholas Eberstadt, Richard Samuels, Kenneth Lieberthal, Chae-Jin Lee, Christopher Hughes, Jonathan Pollack, Robert Sutter, Nicholas Howson, Robert Wirsing, Teresita Schaffer, Sumit Ganguly, Shalendra Sharma, and Navnita Chadha Behera



☞ *NBR Analysis*, vol. 18, no. 1 (January 2007)

“Emerging Trends, Dormant Interest: Developments in Northeast Asian Politics”

Michael Armacost and Yukio Satoh



☞ “From Bullet-Proof Examples to Policy and Practice” (January 2007)

Singapore Health Information and Technology Workshop report



(*Pandemic Influenza Vaccines*, continued from p. 1)



David Nabarro, Senior UN System Coordinator for Avian and Human Influenza, gives a special presentation at the Pandemic Influenza Vaccines Workshop

tools that also help them make realistic choices about resource allocation. In the event of a pandemic, decisions might be more clear-cut, but risks will be greater and choices few. Now, when most people feel relatively safe—when we have the most opportunity to make a real difference—we can address challenging investment decisions and clarify a way forward. Stakeholders can re-examine incentives for information-sharing while governments re-evaluate and harmonize their regulatory and licensing policies.

Although many organizations are already providing significant leadership in various areas of vaccine research, development, dissemination, and regulation, gaps in information-sharing exist and barriers to effective collaboration remain. Linking previously “siloes” industries and departments can create greater awareness about the mechanisms that currently exist to help improve preparedness. In the case of pandemic influenza, for example, removing barriers between animal and human health research and engaging in problem solving can open doors to new discovery. Moreover, the linking of public health and clinical services in some countries can lead to improved service delivery and increased infrastructural capacity to support vaccine delivery in the event of a pandemic.



During one of the February 11 site visits, a workshop participant highlights the PATH vaccine vial monitor technology on polio vaccines at a Navi Mumbai Municipal Corporation immunization clinic. The vaccine vial monitor is a small sticker adhered to the vial that changes color as the vaccine is exposed to heat. The color of the sticker tells health workers whether the vaccine is bad or can be safely used for immunization.

### Focus India HIT Workshop

The healthcare challenges facing India—with over 70% of its 1.1 billion citizens living outside of major cities, 80% paying out-of-pocket for services, and less than 10% covered by insurance—are as diverse and pervasive as the country is expansive and populated. Yet India’s distinctive role as both a source of innovation and a signpost of new technology adoption patterns uniquely positions the country as a transformative model for other developing economies.

On February 10 of this year NBR convened the Health Information Technology and Policy (HIT) Lab in Mumbai for its first country-focused workshop. Thirty-five participants from the technology, science, public health, and policy sectors discussed how IT innovation can help scale healthcare in India. Inspired by the Pacific Health Summit, the HIT Lab examines the national and international public policy frameworks surrounding public health, science, and technology. Through pointed research and by bringing together key stakeholders, the lab aims to improve the environment for the adoption of information technologies that are able to improve health outcomes.

On February 11 the Navi Mumbai Municipal Corporation Commissioner and his staff provided an interactive tour of Mumbai’s immunization clinics and public hospitals for workshop participants. Pradeep Vaidya, Head of IT for Wockhardt Hospitals, also led participants around Wockhardt’s facilities and explained the hospital chain’s IT infrastructure. A small group of workshop participants concluded the event with a trip to New Delhi on February 12 and 13 to meet with representatives of the National Knowledge Commission, Ministry of Health and Family Welfare, Ministry of Communications and Information Technology, and the Public Health Foundation of India.

Instead of propagating a “one-size-fits-all approach,” participants at the February workshop acknowledged that there will be multiple vendors of HIT in India’s (and indeed the world’s) future. As such, a system that is both adaptive to this heterogeneity and also presents a unified face of HIT to the general population is critical, yet challenging.

## Russia and the WTO

### A Progress Report

The announcement in November 2006 of the conclusion of bilateral negotiations between the United States and Russia concerning the Russian bid to join the World Trade Organization (WTO) generated great initial optimism that Russia’s formal accession would soon be concluded. On November 16–17 five members of NBR’s Russia, WTO, and Globalization Forum—a private e-mail discussion and information group hosted by NBR since 2002—participated in a discussion at an event co-sponsored by the U.S.-Russia Business Council. The group subsequently presented a panel at the annual AAASS conference in Washington, D.C., assessing the implications of Russia’s accession to the WTO for that country’s economic development and relations with the West.

Panel participants concluded that, paradoxically, Russian inclusion in the WTO may be more important politically than economically. The short-term impact of WTO membership on key economic sectors in Russia—such as energy production, finance, and industry—will likely be marginal; only in the agricultural sector is WTO membership likely to provide a serious impetus toward greater market efficiency. The symbolic political effects of full Russian inclusion, however, would be extremely important, eliminating a major irritant in Russia’s relations with the West.

The following papers presented by the five distinguished specialists are now available in “Russia and the WTO: A Progress Report,” *NBR Special Report*, no. 12 (March 2007):

- Stephen E. Hanson, “The WTO and Russian Politics”

*(Continued on p. 6)*

(Russia and the WTO, continued from p. 5)

- Philip Hanson, “WTO Accession and Russian Industry”
- Juliet Johnson, “The U.S.-Russia WTO Agreement on Financial Services”
- Stephen K. Wegren, “Can Russian Agriculture Compete in the WTO?”
- Peter Rutland, “Russia and the WTO: Deal or No Deal?”



NBR's Russia, WTO, and Globalization Forum welcomes your support.

For further information, please contact Mahin Karim at <mkarim@nbr.org>.

(Strategic Asia 2007–08, continued from p. 3)

The Strategic Asia Program continues to receive praise from the academic and policy communities as an authoritative assessment of strategic developments in the Asia-Pacific region. NBR is grateful for the continued generosity of Strategic Asia's core sponsors: the Department of Energy, The Lynde and Harry Bradley Foundation, and the GE Foundation.

*Strategic Asia 2007–08: Domestic Politics, Internal Change, and Grand Strategy* will be published in September 2007.

For more information on the Strategic Asia Program, please contact Jessica Keough at <jkeough@nbr.org>.

## U.S.-India Dialogue on Strategic Cooperation

A new initiative to examine in depth the strategic and operational dimensions of India's military capabilities will be led by Dr. Ashley Tellis, Senior Associate at the Carnegie Endowment for International Peace and Advisor to NBR. In collaboration with the Centre for Air Power Studies in New Delhi, India, the initiative will draw on expert participation from both India and the United States to assess the implications of India's military modernization efforts both for the country's regional relations and role in the world as well as for deepened U.S.-India cooperation.

India is the preeminent physical, political, economic, and strategic power

in South Asia today. Poised to become one of the world's "great powers," India's potential to play a greater role as a security guarantor and agent of regional stability is of increasing significance to U.S. interests in South Asia and beyond. As the world's largest multi-ethnic and multi-religious democracy, India presents itself as a natural partner for the United States in the 21st century. Recent strides in U.S.-India relations, including the groundbreaking U.S.-India Civil Nuclear Cooperation Agreement signed in 2006, confirm a dynamic upward trend in U.S.-India strategic ties.

While India is not a signatory to the Nuclear Nonproliferation Treaty

(Continued on p. 7)

## 2006 Jane T. Russell Award for Leadership and Service Presented to Next Generation Fellow

At a ceremony hosted by NBR, Mrs. Joan Sobba, former director of the Russell 20–20 Association, presented the fourth annual Jane T. Russell Award for Leadership and Service to John Graham. In honor of the late Mrs. Jane T. Russell, the award recognized Mr. Graham's initiative, leadership, and outstanding professionalism. Mrs. Russell inspiringly dedicated herself to a strong corporate value system and had a profound effect on the nonprofit world, specifically NBR.

Mr. Graham's work at NBR as a Next Generation Fellow involves a wide range of activities. One such activity included compiling a report highlighting deficiencies in the U.S. statistical system and recommending improvements designed to better capture service sector activity. The report was a featured work at the Department of Commerce's "Measuring Innovation in the 21st Century Economy Advisory Committee" meeting, where it was reviewed by a panel including Secretary of Commerce Carlos Gutierrez, corporate CEOs, and distinguished academics.



Photo by roquevamedia.com

(Left to right) Mr. John M. Graham and Mrs. Joan Sobba at the 2006 Jane T. Russell Award Ceremony

Upon completion of his one-year fellowship, Mr. Graham will commence legal studies at the University of Michigan Law School where he seeks to apply what he has learned at NBR in order to "bridge the academic-legal gap."

(India's Military Modernization, continued from p. 6)

(NPT), the country has demonstrated a responsible approach to its status as a nuclear power in the region. As a rising Asian great power, India will play an increasingly significant role in reducing the dangers posed by the development, stockpiling, and proliferation of nuclear weapons in southern Asia and thereby help further U.S. nonproliferation goals in the region. India's large and capable military establishment will likewise be a critical component in the country's emergence as a great power and as

a force for stability in Asia. Given the region's complex geopolitical dynamics, the capabilities of India's armed forces will play a critical role in shaping the strategic balance of power in southern Asia.

Today, the Indian Armed Forces constitute one of the largest conventional military establishments in the world. The Indian Army is second in size only to China, while the Indian Navy is one of the ten largest in the world. The confluence of an expanding economy, heightened

energy demands, and sophisticated naval capabilities have made India a prime candidate for providing maritime security across the Indian Ocean rim. As India continues to expand its ability to defend its geostrategic interests beyond its immediate neighborhood, it is likely to rely more heavily on its military establishment for force projection capability, as well as on diplomatic efforts.

For further information, please contact Mahin Karim at <mkarim@nbr.org>.

## Next Generation Leadership Fellows Make Their Mark at NBR

In the previous issue of the *Bulletin*, NBR welcomed the inaugural Next Generation Leadership in Asian Affairs fellowship class. Throughout the year, fellows gained further knowledge of Asia and an understanding of the U.S. foreign-policy-making process in the course of conducting research, collaborating with senior scholars on academic publications, and traveling to Washington, D.C., and other cities to participate in briefing research findings to relevant constituents. With the fellowship year concluding at the end of May, each fellow shared a few comments reflecting on his/her experience:

*"Tackling the complexities of nuclear-related issues in Asia, whether through organizing a workshop in D.C. for senior policymakers, attending Track II dialogues on nonproliferation issues, or conducting my own research, has been a rewarding experience. My work at NBR has afforded me opportunities and challenges that I am sure to look back upon as formative in my career."*

—Tim Cook  
Center for Asian Security Studies



*"The opportunity NBR has given me to engage in detailed study of some very specific areas will strengthen my legal practice and add to my spectrum of understanding. It is both a great privilege and a wonderful gift."*

—John Graham  
Pyle Center for Northeast Asian Studies

John's individual research includes China's technology standards policy and its implications for the United States.



*"NBR has pulled me in for impromptu briefings while also introducing me to experts in the field."*

—Teresa Reimers  
Southeast Asia Studies

Teresa has been involved in the growing cooperation between NBR and I-Corps, delivering two in-depth seminars to the Commanding General and his staff. Her current research includes examining the impact of democratization on Indonesia's foreign policy as evidenced in Indonesia's bilateral relations with Iran.



*"As a Fellow in the Center for Health and Aging, my research focuses on China's health security strategy and the key challenges this strategy poses domestically and abroad. Outside of my research, I have had the good fortune to work with a wonderful team on the annual Pacific Health Summit. I will remember my fellowship year as one that has taught me valuable lessons, expanded my breadth of knowledge, and furthered my professional development—adding to my abilities to tackle the new paradigm of international health security."*

—Muchieh Anne Yu  
Center for Health and Aging



## NBR Hosts Asian Proliferation 2015 Workshop

In December 2006 a distinguished audience of senior policymakers, academics, researchers, and philanthropic leaders convened for a day-long workshop in Washington, D.C., entitled “Asian Proliferation 2015: North Korea, Iran, and Consequences for the Global Nonproliferation Regime.” The workshop examined the impact of North Korea’s and Iran’s nuclear weapons programs both on the nonproliferation regime and on regional security in Northeast and South/Southwest Asia.

Discussion proceeded from a baseline assumption that both North Korea and Iran will have demonstrated nuclear weapons capabilities by 2015. (North Korea conducted its first nuclear test on October 9, 2006, while planning for the workshop was underway.) Specialists were asked to address the implications of this possible future scenario for regional security, the global nonproliferation regime, and U.S. national security. The general consensus from the discussion was that even though the nonproliferation regime is under severe strain, the further spread of nuclear weapons is not inevitable. Significant political barriers in Northeast Asia and technical barriers in South and Southwest Asia should slow or prevent the spread of nuclear weapons in each region.

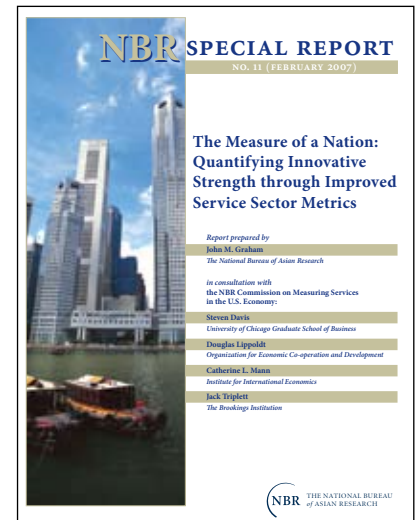
Six of the workshop papers have appeared in recent NBR publications. Articles by Jonathan Pollack (Naval War College) and Christopher Hughes (University of Warwick) appear in NBR’s *Asia Policy* journal (and have attracted considerable attention, including

a citation for Pollack’s article in the *Financial Times*). A March 2007 issue of the *NBR Analysis* features essays by Gary Samore (Council on Foreign Relations) and Mitchell Reiss (College of William and Mary). Samore was head of nonproliferation and export controls at the National Security Council during the Clinton administration, while Reiss was director of policy planning at the State Department during the first term of the George W. Bush administration. Both continue to engage on nonproliferation issues and in their essays offer valuable insights on strategies to minimize the negative consequences of the spread of nuclear materials and technologies. A May 2007 *NBR Special Report* features summary versions of four of the workshop papers.

The Asian Proliferation 2015 workshop is part of a series of activities undertaken through NBR’s Nuclear Asia initiative, one of five research programs and initiatives within the Center for Asian Security Studies. Nuclear Asia addresses emerging nuclear developments and proliferation concerns in Asia and assesses their implications for regional security and U.S. policy. Future research on nuclear proliferation includes both an assessment of the role of the nuclear question in Iran’s ties to pivotal Asian powers and a study on the possible paths that transnational terrorists groups in Asia might take to acquire and potentially use nuclear or radiological weapons.

For more information about the Asian Proliferation 2015 workshop, please contact Tim Cook at <[tcook@nbr.org](mailto:tcook@nbr.org)>.

## The Measure of a Nation: Quantifying Innovative Strength through Improved Service Sector Metrics



In December 2006 NBR published an *NBR Analysis* by Robert Bednarzik and Brett Theodos entitled “U.S. Services Trade, Employment, and Competitiveness.”

Research for this report found that although the service sector comprises over 80% of U.S. GDP, the domestic statistical system is not equipped to adequately measure activity in this sector. As a result, much of the activity that continues to make the U.S. economy a strong and vibrant one is poorly understood and not accounted for by our current statistical system.

To address this shortcoming and underscore the need for improved metrics in the U.S. service sector, NBR assembled a team of top economists from the Organisation for Economic Co-operation and Development (OECD), the Peter G. Peterson Institute for International Economics (PIIE), the Brookings Institution, and

(Continued on p. 9)

## The Rise of Asia's National Oil Companies

### Competitive Issues and Geopolitical Implications

On May 3–4 in Washington, D.C., NBR presented the 2007 Energy Security Conference on the strategic and competitive implications of the rise of Asia's national oil companies (NOC). Asia's NOCs have become major players in the global energy industry, and this year's conference explored how their activities are impacting international oil companies (IOC), the global energy market, and the United States. The global expansion of Asia's NOCs reflects the particular energy security concerns and strategies of Asia's major energy importers—China, India, Japan, and South Korea—and has broad geopolitical implications as a key driver of deepening political relations with major oil and gas exporters in the Middle East, Africa, and Eurasia. The strong diplomatic and economic support that the NOCs receive from their national governments also has implications for competitiveness within the global energy industry.

NBR, together with the National Defense University, convened top energy and geopolitical experts, government

policymakers and analysts, and leaders from international energy companies to explore these issues in depth. Participants examined the internal structures of Asia's NOCs, their relationships with home governments, and geopolitical impacts for the United States and the region. Among the major conclusions of the conference are that many misperceptions persist about the role of the state in NOC activities, especially in China, and that the notion that NOCs have competitive advantages over IOCs remains to be proven. NBR will publish additional findings and conference papers in a forthcoming publication. The Energy Security Conference is a core activity of NBR's Energy Security Program, which focuses on four research areas: (1) the geopolitics of Asian energy security, (2) energy and economic growth, (3) Asia's impact on the international energy sector and competitive landscape, and (4) energy and the environment.

For more information about the Energy Security Studies or this year's conference, please contact Lisa Weiss at <lweiss@nbr.org>.

(*The Measure of a Nation*, continued from p. 8) the University of Chicago to help devise a list of improvements to the U.S. statistical system and form a roadmap to solving the difficult issues that continue to obscure the role of services and their importance in the U.S. economy.

This report, prepared by NBR Next Generation Fellow John M. Graham, was featured at the February 22, 2007 meeting of the Department of Commerce's Measuring Innovation in the 21st Century Economy Advisory Committee. A panel including Secretary of Commerce Carlos Gutierrez, corporate CEOs, and distinguished academics reviewed the paper. The report has been widely distributed to a variety of constituencies—including government, business, and academia—and has been made available on the website of the U.S. Department of Commerce's Measuring Innovation in the 21st Century Economy Advisory Committee.

The report can be accessed through the NBR website at <[www.nbr.org/publications/issue.aspx?ID=401](http://www.nbr.org/publications/issue.aspx?ID=401)>.

## NBR Welcomes New Board Members



*Sir William Castell* is Chairman of the Wellcome Trust, one of the world's largest biomedical research charities. Prior to taking up this appointment Sir William was President and Chief Executive Office of GE Healthcare. He is a Director of the General Electric Company, a non-executive Director of British Petroleum, and a Trustee of London's Natural History Museum.



*Mr. R. Michael Gadbow* is Vice President and Senior Counsel for General Electric's International Law & Policy group. He currently serves on several nonprofit boards and is the Chairman of both the State Department's Advisory Committee on International Economic Policy and the U.S.-Malaysia Business Committee of the U.S.-ASEAN Business Council.



*Ms. Laurette Koellner* is President of Boeing International and serves as a member of the company's Executive Council. Ms. Koellner oversees the company's international affairs and has leadership responsibilities for twenty Boeing in-country operations throughout the world. She is a member of the board of directors of the Sara Lee Corporation and serves on the Dean's Executive Council of the University of Central Florida's College of Business Administration.

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