

Net Expat Newsletter

Quarterly - July 2002

BRUSSELS - DUBLIN - FRANKFURT - LONDON - PARIS - THE HAGUE

In order to promote employees' international mobility, Net Expat helps expat partners find worthwhile work in their new host country through 8 programs covering 41 countries.



Lobbying

Permits Foundation

Phillippa Fletcher

Permits Foundation
Co-ordinator,
The Hague



"A great international initiative is born" is how Net Expat's Newsletter introduced Permits Foundation in January of this year. This international corporate initiative is a response to the recognition by a growing number of companies and organizations that the issue of dual careers is often a key factor in the success of expatriate assignments. Work permit barriers that make it difficult for spouses to work in an expatriate location present a hurdle to employee diversity and mobility.

Permits Foundation, established in April 2001, is working to promote the improvement of work permit regulations for the spouses of expatriate employees worldwide. In addition to founding sponsors such as Unilever, Pricewaterhouse Coopers, Schlumberger and BP, recent sponsors include BMW, Cadbury Schweppes and

The issue of dual careers is often a key factor in the success of expatriate assignments



Corning. The foundation is managed by a board of senior representatives from amongst the sponsor companies and is supported by a group of patrons representing sponsor companies at the highest level.

The first focus of the foundation was to support the legislation that was being considered in the United States in 2001. Permits Foundation worked in close cooperation with the promoters of the bills, the US Chamber of Commerce and the American Council on International Personnel. It was able to make representations from an international perspective on the content of the bills and to express international support.



Net Expat opens in Frankfurt!

Editorial

How to beat the crisis?

Alain Verstandig

Managing Director,
Net Expat



I've been hearing the same old question for more than nine months now: are we in the middle of a crisis or not? And, from listening to the most skilled advocates on both sides, I think they're all correct on at least one point: the job scene has been hard hit and we are definitely in an 'employer's market'.

In our profession, it is inevitably the job-hunting aspect that matters most. And not just any kind of job, since the candidates we are helping have one thing in common: they are all foreigners in the job market they have chosen to tackle.

When the job market sneezes, the first professionals to catch a cold are the recruitment specialists and the headhunters. For job seekers the pressure on this link in the economic chain means that the first step on the staircase to employment has given way.

The second step to look shaky is job offers. Whether we are talking about the newspaper or websites, the number of offers has fallen from 30% to 70% depending on the market concerned.

Naturally none of this helps our accompanying partners who want to work. How can they compete with all the local job seekers who are just as anxious to get a job and are, by definition, much better equipped to meet the criteria of recruiters who now hold

sway over the job market?

It's at times like these that a coach can make all the difference: by communicating his or her patience, by reassuring the candidate, by provoking a healthy reaction, or by reorienting the candidate to other short-term options such as temporary employment or a short-term training program.

Crisis or no crisis, Net Expat continues to make progress and we are delighted to announce the opening of our new Frankfurt office. Contact us and we will be happy to introduce you to our new team headed by Mrs. Kirsten Nazarkiewicz. ■



Supported by



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The legislation, signed into law by President George W. Bush on 16th January 2002 is now one of the models of best practice on this issue worldwide. Already, spouses are working in the US as a direct result of this legislation.

... promote the improvement of work permit regulations for the spouses of expatriate employees worldwide

Full information about the legislation can be found on the Permits Foundation website. The US legislation has given a tremendous boost to the Permits initiative worldwide. It will act as a powerful example to other economies where internationally assigned employees represent a small but critical part of the workforce. To join this initiative, or to find out more, visit the Permits website www.PermitsFoundation.com or contact Phillippa Fletcher at permitsfoundation@si.shell.com.

The life of a coach

A matter of Good Sense

Alain Graffe

Program Manager at Net Expat



One would like to think that life is a 'path of Good Sense', strewn with salient facts that you only need to recognize and memorize in order to have an armory of experiences and an aura of wisdom.

We know well enough that it's not really like that, that this pretty path is in fact booby-trapped with snares and obstacles set up to complicate your life.

When I coach the partner of an expatriate, I would love to record that everything's fine; that the new host city is wonderful, cosmopolitan, welcoming, easy to live in and culturally fascinating; that the transferee has an exciting and well-paid job; that the children

have found the education they need and have made lots of new friends; and that we will have no difficulty together in finding the job they are looking for.

Unfortunately I find the candidates biting their nails, the host city seems disorganized to them, the transferee has too much work and gets home too late at night, the children miss their friends and their old school, and no one's offering the job they want.

Teaching people the proper use of their lucky stars

In this context, for the coach, it's a return to the 'path of Good Sense', an opportunity for the candidates to make contact afresh with themselves, to stand back, draw up a balance sheet and take a fresh look at a life which, as often as not, has evolved relentlessly, an

opportunity to face up to a new challenge and master the unknown.

The coach is someone who listens, who doesn't make judgments, who reorients the candidates in situations where they thought they had lost their bearings. Yet the latter, like the stars for the navigator on the high seas, have simply shifted position.

We are all born with a sextant inside ourselves but many of us, having spent so long in the same place, have forgotten how to use it. Expatriation is one way of rediscovering and relearning the firmament from a different angle. For those who are properly prepared and know how to seize the opportunity, the stars provide the means to guide them and never feel lost.

That, after all, is what coaching is essentially about: teaching people the proper use of their lucky stars.

A matter of Good Sense! ■

Internal Survey

A gap between principles and practice

Sissel Grethe Lie

Norsk Hydro's accompanying spouse in New Delhi



When, in October 1999, my husband was asked to take up a position with Norsk Hydro in India, we did not reject the offer in the first place. Our previous international experience had made us interested in learning about other countries and cultures, and India was a country we wanted to learn more about. So, we made it very clear that accepting an international assignment this time was conditional on my

having a secured job in New Delhi prior to the signing of my husband's contract.

To make a long story short, I faced the challenge of creating my own job. Norsk Hydro was to provide a salary and the necessary facilities in New Delhi. Based on my previous experiences as an accompanying spouse, I wanted to explore how other families experienced expatriation.

Hydro's policies stated very clearly that spouses should be involved in the expatriation process from the very first request to the

repatriation. However my own experience and that of other spouses indicated that there was a gap between the good intentions expressed in the policies and actual practice.

At the initial stage of the project I experienced some reluctance about my initiative. Some people said there was no need for this kind of survey while other showed interest in

knowing more about the actual situation. A questionnaire was prepared and distributed to approximately 200 spouses in September 2001. A total number of 122

spouses responded, and I received a lot of positive responses from spouses for just having taken this initiative. "It was about time that Hydro paid some attention to spouse and family issues!" was their reaction.

The results showed, not unexpectedly, a great gap between the principles and the actual practice in all stages of the expatriation process. Only 8% of the spouses were invited to an interview or conversation prior to the signing of the international assignment contract, 30% were invited to a preparation seminar, and 50% were invited on a pre-assignment visit to the host country. 80% of the spouses were employed in their home country, 15% were

60% of the spouses wanted to be employed!



Newsletter

Personal Financial Assets

Taxation issues and expatriation

Dave Deruytter

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Segment Manager
"Expatriates & Non
Residents"
BBL



When preparing for expatriation, the issues that tend to get the most attention are things like housing, schools, dual career, tax equalization, pension, health, and so on. But the issue of "taxation of personal financial assets" is rarely on the list.

The starting point of any international taxation study is the place of fiscal residency. That may be different from the place where one is actually living; it is rarely as simple as staying 184 days in one country and obviously less in another. More often we are talking about the place where the person's center of socio-economic interests is located. In the US, nationality plays an

important role, and in the UK there are many types of domicile. Thus regulations differ from country to country. To determine the place of fiscal residency of the expatriate, if any, one refers typically to the local regulations in both the country of origin and the country of destination (sometimes even a third country). The place where the family lives, where the children go to school, and where the expatriate works ... will most commonly be the place of fiscal residency. This means that the expatriate will be a non-resident in any other country(ies). In the event of conflict between the local regulations of two countries, double taxation agreements, if existent and applicable, can be used to determine the place of fiscal residency.

Another taxation issue that is often underestimated is the question of inheritance

Thereafter, the different categories of financial assets have to be looked at: shares, bonds, life insurance, stock options, real estate... And the different types of revenues: dividends, interest, capital gains, rent, etc. Plus additional taxation: wealth tax, ... These financial assets are taxed very differently from country to country. And the final tax bill can thus be very different depending on the country of fiscal residency.

Another taxation issue that is often underestimated is the question of inheritance. Fiscal residency rules on this point are typically similar to those for taxation of financial income, but there are few agreements in place to prevent possible double taxation. Succession rules and rates also differ substantially country by country. The interpretation and implementation of "International Privacy Law" differs from one country to another. Things get particularly complex if the expat has done his or her estate planning in one country while being a fiscal resident for succession in another: marriage contracts, donations, wills, trusts, holdings, structures, etc.

How to be ready?

The Big 5 companies and specialist financial advisors can help you. Be sure to verify the international range of their services. Some financial institutions have free services covering the taxation issues arising from their own products and services. They will not put a structure in place for you, though they may guide you through the woods. Some companies with expatriates provide such "general taxation

employed in the host country, and 60% wanted to be employed if possible. The immediate reactions to these results were mixed, ranking from a very critical approach to acceptance of the situation as a basis for making improvements. However, sometime during the project period, Norsk Hydro decided to make a review of its existing

policy and procedures. This review is now finished and, among the improvements made, many suggestions put forward by the spouses have been incorporated into the company's policy documents. The company's attitude with respect to implementing these improvements is positive. Still, it takes time to change practice! ■

... and the vision from Norsk Hydro

Norsk Hydro has been happy to support Sissel's internal project. Some of the findings are already included in the company's new policy. In addition to that, Sissel's completion of the project also included the preparation of a comprehensive "Spouse Guidelines", which is now distributed to new expat spouses to test out the reaction and the usefulness. I must say that the initial reactions are very positive.

Mr. Per Barbakken, HR Vice-President Norsk Hydro

Our Customers

3M
Alcatel Microelectronics
Alstom Power
BBL International
Brady
Bristol-Myers Squibb
Bull
Cadbury Schweppes
Colgate Palmolive
Cordis
Corus Group plc
Delhaize Group
DuPont de Nemours
Electrabel
ExxonMobil
Gemplus
Guidant Europe
Honeywell
International Paper
Janssen Pharmaceutica
Kraft Foods
Merck Sharp & Dohme (Europe), Inc
Nestlé European Information Technology Operations Center
Newell Rubbermaid
Nur
PerkinElmer
Procter & Gamble
Reckitt Benckiser
Saint Gobain Glass France
Sogem
Solvay
Sonaca
Sony
Tractebel
Tyco-electronics Raychem
UCB
Umicore
UPS
Whirlpool
...

counseling" in their expatriate packages. In general it may be wise to have a meeting first with your independent financial advisor or the one in your bank, so as to at least prepare things properly. ■



Net Expat Newsletter

Expert Opinion

Health insurance and the global HR challenge

Dr. Damien Marmion

Head of Marketing,
BUPA International,
London



As more and more companies turn to long and short-term overseas contracting to give them flexibility in the global marketplace, the care of the expatriate workforce is becoming a major issue for HR departments. Rising employee mobility is creating new challenges for international expatriate health insurers too, as they strive not only to provide quality health and care services to their members, but also to meet the mounting needs of the HR teams who are managing them.

Flexibility

Leading health insurers now offer extremely flexible corporate products, with schemes that can be tailored

and 'cherry-picked' to fit a company's requirements. Levels of cover range from schemes offering the essentials of private medical care to more comprehensive products offering extensive cover for routine dental care and family doctor treatment. Chronic conditions are covered in some of the highest level schemes, to ensure any pre-existing conditions are also treated.

When companies send employees to the world's more remote or rural areas, it may be necessary to select additional levels of assistance. Local facilities may be limited, with shortages of drugs and equipment, so companies can choose evacuation and repatriation options to ensure

employees based in these areas will be transported to the nearest center of medical excellence or even back home to their country of origin for any necessary treatment.

Of course, larger companies have particularly complex insurance requirements, and insurers now tailor-make group health plans for them. Schemes

Rising mobility is creating new challenges for health insurers too



are being developed for industries with unique sets of characteristics to ensure companies operating in specialized markets don't have to settle for a group plan that

doesn't go far enough for their employees.

On-line support

The Internet has been pivotal in enabling insurers to streamline processes and transform the level of access

and support they can give to group secretaries. Managers of group private medical insurance (pmi) schemes can now speed claims through on the Internet, access scheme information to view and maintain member lists. The web is putting information that would previously have been requested by telephone or fax right at the group secretary's fingertips. The traditional bureaucracy of insurance companies is being turned on its head by web technology that allows the free flow of information between an insurer and its customers.

As health insurance companies continue to respond to HR needs by developing tailor-made products and integrated online support services, both group secretaries and their overseas employees can expect to reap the benefits.

<http://www.bupa-intl.com>

Books

Hello & Goodbye

The human aspect of relocation is the focus of this publication of what expatriation is all about: transitioning from your home country to a host country, getting there, knowing that you'll be leaving sooner or later. Today, relocation is a flourishing and growing market, and it is very important to put the emphasis on the "human aspect" of this process. This book is an objective view of the personal feelings of expatriates who have lived the experience. The results are surprising stories of diplomats, industrialists, children, spouses - individuals who have experienced relocation in a humorous, sad, fabulous or even dramatic way.

Hello & Goodbye by Caroline Moens and Eddy Bonne, €13. You can order the book via e-mail at Academia Press info@academiapress.be or www.academiapress.be



Upcoming conferences

- **IFE: conference in Brussels on September 24 and 25th.** Subjects will tackle various challenges linked to expatriation (fiscal, social security, pension plans, work permits) and of course **Dual Career covered by Net Expat.** For more information, contact Mrs. Isabelle Van de Mert, ivandemert@ifexecutives.com
- **CRN: the well-known "EuroNorthAtlantic Global HR Congress".** This will take place in **London on November 4, 5 and 6th.** A **specific session on Dual Career** will be presented by Net Expat and one of our Corporate Clients. For more info crnnews@aol.com

NET EXPAT specialises in helping spouses/partners of expatriates to find worthwhile and fulfilling work in their new host country.

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