

Citizen Trade Policy Commission

Friday, January 6, 2006

Room 126, State House, Augusta

1:00 PM Meeting of the full Commission

Meeting Summary

Members present: Sen. Margaret Rotundo (co-chair), Rep. John Patrick (co-chair), Sen. Kevin Raye, Rep. Deborah Hutton, Cynthia Phinney, Matt Schlobohm, Dr. Robert Weiss, , Mark Haggerty, Linda Pistner, Wade Merritt (for Richard Coyle), Mary Ellen Johnston, and Paul Volckhausen.

Members absent: Rep. Rod Carr, Sen. Bruce Bryant (attended morning subcommittee meetings), Barbara Van Burgel, James Wilfong, Jim Dusch, Vanessa Santarelli, Bjorn Claeson, Jim Dusch and Peter Connell.

Staff present: Curtis Bentley and Karen Nadeau-Drillen, Legislative Analysts

I. Meeting of subcommittees prior to full commission meeting (9:00AM)

The Citizen Trade Policy Commission's three subcommittees – Healthcare, Natural Resources/Environment, and Labor/Economic Development – At the Commission's December 2005 meeting, Matthew Schlobohm was directed to develop a draft 2006 work plan for the Commission to review at this meeting. Subcommittees reviewed the draft and amended it into final draft form to be presented to the full Commission at 1:00PM.

II. Discussion of Commission's 2006 Work Plan

Subcommittees presented the draft overall work plan to the Commission. The draft included 11 items that outlined areas for the Commission to monitor and identified the parties responsible for each item. See attached work plan.

Representative Hutton motioned and Senator Raye seconded the motion to accept the draft plan for the Commission's work plan for 2006. Of those voting members present, the motion passed unanimously.

III. Presentation by the National Legislative Association on Prescription Drug Prices (NLAR)

Sharon Treat, former state legislator and current executive director of NLAR, gave a brief presentation about a legislative working group on prescription drugs and trade. Ms. Treat presented the Commission with a draft of a Vermont resolution calling on the United States Trade Representative (USTR), Robert Portman, to form guidance on the definition of a "federal care program" under Annex 2-C of the United States-Australia Free Trade Agreement. More specifically, the resolution calls on USTR to "pursue the exchange of an Interpretive Note with the Government of Australia, clarifying that state administration of Medicaid programs and pharmaceutical assistance programs under the Medicare Modernization Act is not included in the definition of a 'federal care program' under Annex 2-C." Ms. Treat asked the Commission to endorse the Vermont model legislation and to advise the Maine Legislature to come forward with a similar resolution.

The USTR has assured state in writing that state programs are not covered by recent trade agreements signed by the United States. Sen. Raye asked if the resolution would simply put more force behind this statement. Ms. Treat responded that the USTR has no force because the agreement needs to be bilateral (i.e. need Australian government on board). She also suggested that the Commission might want to engage Maine's Congressional delegation to get this done.

Ms. Treat also said that endorsement of the Vermont resolution could be coordinated with other states and that there could be a joint rollout.

Both Representatives Patrick and Hutton are willing to cosponsor a resolution modeled after Vermont legislation. Senators Rotundo and Raye also agreed to cosponsor such a resolution, and will seek other legislators to cosponsor it. Senators Rotundo and Raye also agreed to be contacts for Ms. Treat and NLAR.

Linda Pistner made the motion that the Commission support a joint resolution and that the Commission's vote be put in letterform to be distributed to the legislature; Dr. Weiss seconded it. The motion passed with a unanimous vote.

IV. Discussion of Outside Funding for Staffing

A summary of outside funding possibilities for a full-time staff position developed by Bjorn Claeson was distributed to the Commission by its staff on Mr. Claeson's behalf. The summary is attached. Dr. Weiss recommended that the Commission determine what financial resources are needed to secure the position before beginning the actual fundraising activities. Linda Pistner suggested that contracting for services would be another option. Sen. Rotundo stated that the Commission needed to be extremely careful about funding sources to preserve the Commission's credibility as a nonpartisan entity. She also polled Commission members to see who may have the energy and time to write grants and pursue funding.

V. General Agreement on Trade (GATS) Letter

The Commission then discussed the Congressional Delegation's response to the Commission's July 2005 letter requesting assistance in obtaining information from the USTR regarding the federal government's intentions to commit Maine state laws to comply with GATS. Thus far there has been no response. Matt Schlobohm discussed the fact that more GATS requests will be made this year. This is the third request offer phase in negotiations. All voting members of the Commission agreed to send a letter to USTR to ask the following:

- When will we be consulted?
- How will we be consulted?
- How much time will we have to respond?

OPLA staff will draft this letter, sending copies to the Congressional delegation. After the letter is sent to USTR, the Commission directed staff to ask Richard Coyle to give USTR a follow up call.

VI. Education

Sen. Rotundo gave a briefing on education relating to trade issues and noted that there are three opportunities for press regarding the CTPC.

1. In the next few weeks, hold a press conference releasing CTPC's annual report.
2. At the same time, release news of endorsement of Vermont resolution (see above).
3. Also, plan visits to various joint standing policy committees with oversight on various world trade issues: Health and Human Services; Utilities and Energy; Legal and Veteran's Affairs (gambling); Business Research and Economic Development; Natural Resources; Agriculture, Conservation and Forestry; and Labor. The presentations, approximately 30 minutes long, would provide an overview of CTPC's charge and then focus on the reasons each Committee should have trade issues on their respective radar screens.

VII. Briefings from Subcommittees

A. Labor (Cynthia Phinney)

The Labor Subcommittee will initiate a discussion with the Maine International Trade Center (MITC) Board of Trustees on cross-border trade issues with Canada. This subcommittee will also work on Item 9 of the 2006 Work Plan, which is the development of what CTPC would like to see in future trade agreements.

B. Natural Resources (Mary Ellen Johnston)

The Natural Resources Subcommittee plans to contact Peter Riggs (Forum on Trade and Democracy) to get feedback on what the Forum has identified as issues to pursue in this area.

C. Healthcare (Matt Schlobohm)

The Healthcare Subcommittee will work with Sharon Treat and NLAR on drafting a resolution similar to the State of Vermont. The subcommittee will continue to work toward educating the Legislature. They will also look into the health insurance industry, specifically research and gaps in health insurance commitments to health care and trade. Dr. Weiss will look into the licensing policy implications relating to GATS.

VII. Other

Linda Pistner gave a brief presentation about her participation in a National Conference of State Legislatures' meeting. She will be putting together a memo on the high points of the meeting.

Next meeting will be held either Friday, February 10th or Friday, February 17th from 9:00 AM to 12 noon. The Commission is waiting to see which date works better for a report from MITC before setting the date. Cynthia Phinney will notify staff about which date MITC is available on. The Commission agreed not to hold a meeting in either February or March due to Legislative demands.

The Commission set the next public hearing for Thursday, May 11, 2006 at 6:00 PM in Lewiston.

IV. Adjournment.

The Commission adjourned its meeting at approximately 3:00PM

Citizen Trade Policy Commission

Friday, March 24, 2006

Room 126, State House, Augusta

9:00 AM meeting of the subcommittees

10:30 PM meeting of the full Commission

Meeting Summary

Members present: Sen. Margaret Rotundo (co-chair), Rep. John Patrick (co-chair), Rep. Deborah Hutton, Matt Schlobohm, Bjorn Claeson Linda Pistner, Richard Coyle, Leslie Manning, Malcolm Burson and Paul Volckhausen.

Members absent: Sen. Kevin Raye, Sen. Bruce Bryant, Rep. Rod Carr, Mary Ellen Johnston, Barbara Van Burgel, Dr. Robert Weiss, Cynthia Phinney, Mark Haggerty, and Peter Connell.

Staff present: Curtis Bentley, Legislative Analyst

I. Meeting of subcommittees prior to full commission meeting (9:00AM)

The Citizen Trade Policy Commission's three subcommittees – Healthcare, Natural Resources/Environment, and Labor/Economic Development – The subcommittees met to discuss work plan assignments and priority issues for the annual assessment. The subcommittees presented an overview of their discussions to the full Commission at 10:30AM.

II. Conference call with USTR (Christine Sevilla, Lewis Coress, Jean Grear, Chris Melly (spelling. anyone I missed???)

- GATS briefing: Ministers set timetable – February 28, 2006 to submit offers; meeting in Geneva in April (additional meetings in the spring); deadline to review offers is July 31, 2006; deadline for final offers is October 31, 2006
- Top requests of U.S. from other countries- temporary employment for foreign professionals to work in U.S. (no support in Congress for this) and maritime transportation.
- Mode 4 – U.S. Congressional members responsible for immigration matters have directed USTR not to negotiate any immigration issues. India is the main requestor but a number of other developed countries have made requests as well.
- Request from U.S. of other countries – Financial services such insurance, securities, banking and energy services. Want to update existing insurance commitments based on changes at state level (haven't asked states to change anything).
- Gaming commitment – U.S. is assessing compliance with finding of appellant panel and may modify existing commitment down the road but not doing anything now.
- Consultation with states – When USTR has something to share with states they will go to the SPOC and it is up to the states to distribute that information

internally. The USTR will continue to rely on the SPOC for information and responses from the states. Will try to notify SPOC at least 6 weeks ahead of any deadline for negotiations to allow 2-3 weeks for a response from the states. USTR is uncertain about whether or not it speaks on behalf of the whole state or just as the Commission. Christina requested that such clarification in the future would be helpful. Christina also stated that if Maine want to opt out of a schedule of commitments it should think about why it is doing so and whether or not that sends a bad message.

- Domestic relations – there is a call out for additional text proposals by April of May of this year to be considered over next 6 months and completed by October or November of 2006.
- Asked the Commission to send an electronic version of the Governor’s response to Maine’s participation in the Panama and Andean agreement because USTR had not yet received it. Suggested all communications to USTR be sent both electronically and by hard copy because regular mail is often delayed for security purposes. The Commission agreed to routinely send all communications by hard copy and electronically.
- Procurements – Just finishing Panama/Andean agreement and starting negotiations with Korea, Malaysia and Thailand. Also, WTO procurement agreement – working on market access expansion but have made no offers that would affect what happens at the state level.
- Worker’s rights- In all negotiations the U.S. raises worker rights issues at the beginning of negotiations and will be part negotiations with Malaysia. The enforcement of labor laws is a primary part of negotiations and measures have been taken to enforce labor requirements. To enforce labor laws first action would be a monetary assessment that would go into a fund to be used to deal with the issue. If the country doesn’t pay the assessment then would move for a trade sanction. Regarding Peru, USTR has worked closely with Congress to address labor issues on both sides of the Hill.
- Commission member raised concerns about states no longer having a meaningful role in the issuance of visas for temporary entry into U.S. for professionals. USTR not in a position to respond directly to that question but stated that from their perspective it was more about the number of visas issued and that recent cases would not affect the process.
- Christina stated that 1/7th of Maine’s jobs are reliant on exports. Canada, Malaysia and Singapore are the top countries Maine exports to and Malaysia is number one for manufactured goods. However, Richard Colye pointed out that almost all exports to Malaysia are semi-conductor components and if you remove that good from the equation Malaysia and Singapore drop off the list.
- Christina stated that if the Commission has questions for USTR it would be best to address those questions through a conference call instead of mail correspondence.

III. Discussion after the conclusion of the conference call with USTR

- Commission agreed to send Christina a "thank you" letter and to let her know that concerns raised by the Commission are things Commission members hear from Maine citizens.
- Commission agreed to send its recommendations to the Governor first for his response before sending it to USTR.
- Noted that the trade promotion authority is up for renewal in 2007 and suggested that the Commission should keep it on its radar screen.
- Suggested that the Commission should work to reach out to other states

IV. Discussion of 2006 assessment

The voting members of the Commission present (6) voted unanimously to enter into an agreement with the Forum on Democracy and Trade (Forum) to develop the Commission's 2006 assessment. All non-voting members of the Commission were in agreement with the voting members. Because there was not a quorum of voting members present, the Commission directed staff to conduct another vote by email and the Commission would confirm that vote at its May 11th public hearing. The Commission directed staff to notify the Forum of its vote.

The Commission directed staff to determine funding sources for the Forum so that the Commission has a better idea of who it is partnering with on the assessment. Staff was also tasked with determining whether or not the assessment work needed to go out for bids.

Leslie Manning suggested that the Commission work with interns and she offered to follow up on the possibility of utilizing interns for Commission work.

The Commission agreed to have its subcommittee work with staff and the Forum to develop a blue print for the assessment. Matt Schlobohm, Bjorn Claeson and Cynthia Phinney were appointed the contact person for each subcommittee.

1. General suggestions for blue print

Suggested that the Commission select an area where Maine is currently exercising leadership or working with other states. Consider areas where Maine does have regulatory authority. The assessment should be in a form that can be used for educational purposes.

2. Subcommittee suggestions for areas that could be used for assessment

- Natural Resources/Environment Subcommittee:
 - A. Water withdrawal regulations;

- B. Impact of U.S. including L&P gas terminals on Maine;
 - C. Action plan for regional greenhouse gas reductions;
 - D. Regulations around electronic waste;
 - E. Chemical rules by state that may conflict with trade agreements (Matt Schlobohm suggested including this item); and
 - F. Land use restriction (Rep. Hutton suggested including this item).
- Healthcare Subcommittee:
 - A. Re-importation of prescription drugs;
 - B. Dirigo health;
 - C. Licensing standards
 - Labor Subcommittee: Because of subcommittee members not in attendance, it needed to meet again before could provide a list of items for discussion.

3. Blue print schedule

A draft of the blue print should be circulated to the entire Commission by the first week of May. Subcommittees will email suggestion to staff for the draft blue print to be put into a working document for further consideration by the subcommittees and the Forum. The final draft of the assessment blue print should be available for review and approval by the full Commission at its May 11th meeting.

V. Discussion of May 11th public hearing

Topic for public hearing – To gather input from the public both the positive and negative about the impact trade agreements are having on business, the environment, labor and democracy. Also input on what future trade agreements should look like and thoughts about establishing a national trade commission to vet trade issues among all the states.

Publicity for hearing – The Commission directed staff to send press release to the media in particular the Lewiston Sun Journal and the Lewiston Chamber of Commerce a few weeks before the public hearing. Matt Schlobohm will talk to students at the USM Lewiston/Auburn campus to spread the word about the hearing. The Commission agreed that the Congressional delegation and Lewiston's local councilmen should be directly invited to attend the hearing. Suggested the chairs put together an opt-ed piece for the Lewiston Sun Journal and the Twin City Times about the Commission and its work.

Work session before public hearing starts – The Commission agreed to hold a regular meeting on May 11th at 5:00PM before the public hearing in the public hearing room to discuss and vote on assessment matters.

VI. Other

Update on scheduling a meeting with MITC – MITC’s board is willing to meet with the Commission and Sen. Rotundo is working with MITC to find a mutually agreeable date for a meeting later this spring.

Update on Doha Round of negotiations – Rep. Hutton provided information to the Commission about a May 1, 2002 letter from Wal-Mart that is USTR asking to remove zoning restrictions that could impact local zoning laws and ordinances. It was suggested that this may cause the Maine Municipal Association to get involved in these trade issues. Linda Pistner volunteered to be the point person on this issue. It was suggested that this may be a good agenda item for MMA workshop training and Leslie Manning volunteered to put something together for this.

Update on status of federal trade agreements - Matt Schlobohm provided the update and said the U.S./Oman bilateral trade agreement has labor issues and has been signed and could come up in Congress at any point in time. Also, the Panama/Andean agreement could come up in Congress at anytime. WTO negotiations are being moved ahead in order to finish it before the “fast track” authority expires.

Discussion of developing a vision for future trade policy - It was suggested that the Commission should start putting together a model trade agreement and could work with the Forum and other states to create this document. It may be possible for the Forum to include this in its assessment.

Discussion of outside funding for staffing – Bjorn Claeson reported that language for an executive director position has been drafted to present to potential donors. The draft would include an executive director and an office manager for \$125,000 plus expenses. Mr. Claeson suggested that it could be drafted so that the positions would be part of another state entity or could be drafted as an independent contractor. The position would be responsible for research, writing letters and reports, publicity, legislative drafting and making connections with appropriate private, state, federal and international entities. Mr. Caeson will email a draft to Commission members in the next few weeks.

Next meeting date – The Commission will hold its next regular meeting on June 2, 2006. No agenda items were discussed.

VII. Adjournment.

The Commission adjourned its meeting at approximately 3:00PM.

Citizen Trade Policy Commission

Thursday, May 11, 2006

Room 126, State House, Augusta

9:00 AM meeting of the subcommittees

10:30 PM meeting of the full Commission

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Next meeting date – The Commission will hold its next regular meeting on June 2, 2006. No agenda items were discussed.

VII. Adjournment.

The Commission adjourned its meeting at approximately 3:00PM.

Citizen Trade Policy Commission

Friday, June 2, 2006

AGENDA

I. Subcommittees convene at 9:30 AM

Subcommittees convene in the following rooms:

- Healthcare Subcommittee
(Room 206, Cross State Office Building – Inland Fisheries and Wildlife Committee/Agriculture, Conservation and Forestry Committee Room)
- Natural Resources/Environment Subcommittee
(Room 214, Cross State Office Building – Natural Resources Committee and Marine Resources Committee Room)
- Labor/Economic Development Subcommittee
(Room 216, Cross State Office Building – State and Local Government Committee Room)

To discuss:

- a) Latest draft of “Rider C” to the assessment contract; and
- b) Other business specific to each subcommittee.

II. Full Commission convenes at 10:30 AM

Transportation Committee Room, Room 126, State House

- A. Presentation by Perry Newman, President, Atlantica Group, regarding industry and international trade (15 minute presentation)
- B. Subcommittee report backs on “Rider C” of the assessment contract - Peter Riggs of the Forum on Democracy and Trade will be available via conference call to answer questions - Commission’s approval of “Rider C”.
- C. Additional subcommittee report back information (if any)
- D. Linda Pistner briefing on NAAG sponsored meeting of chief deputies
- E. Review the May 11th public hearing and requests directed to the Commission by participants at the hearing
- F. Citizen Trade Policy Commission’s web page

(Additional agenda items on back)

G. Legislative attendance at next NCSL meeting and ways to finance the trip

H. Updates on joint CTPC and MITC meeting

I. Dr. Weiss' resignation from the Commission

J. Plan next meeting

III. Adjournment at 1:00 PM

Citizen Trade Policy Commission

Thursday, July 20, 2006

AGENDA

I. Subcommittees convene at 9:30 AM

Subcommittees convene in the following rooms:

- Healthcare Subcommittee
(Room 206, Cross State Office Building – Inland Fisheries and Wildlife Committee/Agriculture, Conservation and Forestry Committee Room)
- Natural Resources/Environment Subcommittee
(Room 214, Cross State Office Building – Natural Resources Committee and Marine Resources Committee Room)
- Labor/Economic Development Subcommittee
(Room 216, Cross State Office Building – State and Local Government Committee Room)

II. Full Commission convenes at 10:30 AM

Transportation Committee Room, Room 126, State House

- A. Reports from subcommittees;
- B. Conference call with Peter Riggs for an update on assessment and discussion about what the Commission can do to help facilitate the assessment process;
- C. Discussion about August NCSL meeting
- D. Discussion about outreach and getting more publicity for Commission's activities
- E. Discussion about obtaining regular monthly reports from ME DOL on state Trade Adjustment Assistance job loss data.
- F. Review fair trade for our future resolution
- G. Develop a list of potential speakers for this year.
- H. Discuss Commission's annual report
- I. Plan next meeting/public hearing

III. Adjournment at 1:00 PM

Citizen Trade Policy Commission
Friday, September 18, 2006
Room 126, State House, Augusta

10:30 AM meeting of the subcommittees
(Labor and healthcare subcommittees did not meet)

12:30 PM meeting of the full Commission

Meeting Summary

Members present:, Sen. Margaret Rotundo (co-chair), Sen. Kevin Raye, Sen. Bruce Bryant, Rep. John Patrick (co-chair), Rep. Rod Carr, Mary Ellen Johnston, Matt Schlobohm, Linda Pistner, Leslie Manning, Robert Weiss, Paul Volckhausen and Peter Connell.

Members absent: Rep. Deborah Hutton, Barbara Van Burgel, Cynthia Phinney and Mark Haggerty.

Staff present: Curtis Bentley, Legislative Analyst; Alison Ames, Legislative Researcher

Recordings of the meeting: Martha Spiess has provided the Commission with audio cassettes of this meeting and a DVD of Mr. Melly's (Deputy Assistant USTR for Services) comments.

I. Report back from subcommittee's 10:30 meetings (12:30PM)

- Only Robert Weiss of the Healthcare subcommittee was able to attend so he joined the Natural Resources/Environment subcommittee meeting. The Labor subcommittee did not meet. The Natural Resources/Environment subcommittee discussed the progress of the annual assessment and generated a list of names for Peter Riggs to contact in conducting the assessment. The subcommittee formulated question for Christopher Melly and recommended that the Commission ask Mr. Melly about "Fast Track" reauthorization.

II. Christopher Melly, USTR (1:00PM)

- Mr. Melly joined USTR in 2003 and deals primarily with services ("anything you can't drop on your foot") in trade. He provided that USTR serves as a broker for trade and hosts interagency teams to work on trade policy issues. If staff cannot agree on an issue it gets elevated to more senior staff levels and eventually to the President who makes final decisions. Also, USTR has congressional oversight committees that review what USTR does with trade agreements.
- The formal process for communication with USTR is through the SPOC however, the best way to communicate with USTR is informally by conference call or by visiting the offices of USTR or inviting USTR to Maine.

- The overall purpose of GATS is to discourage discrimination in the global market place on services.
- Mr. Melly identified four modes of services and stated that USTR is focusing on services that are important to supporting the economy infra structure such as financial services, computer services and services related to energy.
- Doha negotiations had two tracks: 1) market access; and 2) exceptions - once include a sector then list the exceptions to that sector such as domestic regulations. Negotiations have stalled mainly due to agriculture but parties are mandated to go back and hold more rounds of negotiations. As of July there is no new text regarding potential rules. Mr. Melly stated that there won't be any movement one way or another this year but the U.S. is committed to the process and will continue to pursue efforts to get things started again but unlikely anything will start this year.
- USTR opposes any "necessity test" particularly across the board but may be willing to entertain a specific sector request if a preference came to USTR and wanted an assessment test, otherwise the U.S. opposed to it.
- In response of a question about why we should believe the services sector would fair any better than the manufacturing sector has under trade agreements, Mr. Melly stated that unlike the manufacturing sector, the US services sector is already open and competitive globally - we have very little to lose by negotiating with other countries and it will only make us more competitive.
- Mr. Melly stated that the objective behind trade agreements is to lower consumer costs because people want lower costs. Even though we lost some manufacturing jobs when the U.S. lowered it manufacturing related tariffs, the U.S. as a whole became more competitive globally. For example, when the textile trade was liberalized the price of clothes was cut in half as a result giving consumers more money to spend elsewhere; it creates efficiencies.
- In response to a question about striving for more balanced trade agreements, Mr. Melly stated that with regard to services, there is a very high level of commitment for more balanced agreements. Congress watches closely and holds USTR's feet to the fire give the trillions of dollars in foreign investment out there.
- In response to a question about the pressure timelines place on the USTR during negotiations, Mr. Melly responded that USTR has always been willing to walk away from negotiations regardless of any timelines.
- In response to a question about rate at which trade negotiation proceed with respect to a state's ability to respond in a timely manner, Mr. Melly said that services negotiations started back in 2000 so not that much is new. When reformulated agreements to expand agreement none of it was regulation of states - if a state is concerned about certain issues then can bring up. Mr. Melly stated that he thinks many interest groups made it all scarier than it really is.
- In response to a question about wages and environmental issues, Mr. Melly said that the labor and environmental side is challenging in the WTO because just one voice but have better luck with trade agreements. It is hard to get some countries to move on those issues; however, no matter what policy we have wages are very difficult to negotiate because of low wages around the world.

- In response to a question about USTR's refusal to honor Maine's request for GATTs carve outs even when USTR gave the Commission assurances that our concerns would be heard and honored, Mr. Melly stated that USTR heard Maine's concerns in the context of rules but didn't find them too compelling. To carve Maine out of the agreement at that time when no direct link to Maine was established would have caused serious problems. Congress obligated USTR to consult with states but we can't delegate the final decision to the states; the regulation of foreign trade is in the realm of the federal government. He further responded that when they do research during negotiations if they find a state has a policy on the books that is inconsistent with an agreement then they may provide care out. Procurement is a unique agreement and allows states and entities (U.S. Dept. of Defense) to opt out; no state has opted out of the agreement.
- In response to a request for clarification about the "burdensome test" language in the Columbian agreement that appears to be a contradiction to USTR's opposition to necessity tests, Mr. Melly responded that it was good someone was reading these agreements and that U.S./Columbia agreement was modified from the GATS since NAFTA and does contain the "burdensome test" language. However, the new US/Korean agreement has dropped that test. Korea wants the language back in and is considering whether or not to go on with the agreement anyway.
- In response to a question about a national standard for states on health care, Mr. Melly stated that only the ability to invest in and manage health institutions was offered; trade agreements don't set standards for care or licensing for health facilities. Limits at macro level to prevent discrimination such as nationality or numbers but stay away from standards at the national level for quality of care. Mr. Melly also said that there is language to move towards a generally recognized standard across nations but USTR has responded that the U.S. federal government does not have the competency to negotiate health standards and would direct a country to a state to work out standards.
- In response to a question about the existence of a public accessible U.S. policy on trade negotiations and where we could find the current language on transparency, Mr. Melly stated that USTR has not updated its proposals that are available to the public; there is no real text to work on at the moment and suggested that we periodically call him or Daniel Watson to ask what is going on. This response prompted a Commission member to quip that the enigma of trade agreements is clear when even the negotiations on transparency are secret.
- In response to a question about USTR giving states advice on how to deal with standards coming out, Mr. Melly responded that there should be more exchange on that but USTR tries not to have agreements that would require states to change. USTR tries to build in policy flexibility in trade agreements so states are not out of compliance. USTR does not want to ask a state to change a law or standard.
- In response to a question about how states can influence trade negotiations, Mr. Melly suggested we call USTR if we have any questions on trade issues or to get the latest information on trade negotiations.

III. Peter Riggs conference call about Tennessee NCSL meeting and preliminary assessment report

- Mr. Riggs (Executive Director, Forum on Democracy and Trade) had the following update about Christina Bliss's (USTR) testimony at the 2006 NCSL meeting in Nashville, Tennessee, the assessment and what is currently happening in the trade arena:
 - Christina Bliss said USTR still opposes any "necessity test" and that USTR is not willing to honor Maine's request for carve outs. USTR was unhappy about the chairman's notes that were released because the notes still contained the "necessity tests." The Working Party on Domestic Regulations is part of the Doha round so it was also suspended when the Doha negotiations were suspended.
 - Mr. Riggs provided an update on the progress of the assessment; the Forum's plans to be in Maine next week to meet with key people and asked Commission to help identify people he should talk to about assessment matters. The Forum will develop an advanced draft of the assessment for Commission members to look at later this fall.
 - Mr. Riggs informed the Commission that USTR is accountable to the executive branch so not subject to FOIA and because USTR is very close to the President other agencies give USTR's decisions a great deal of deference.
 - Regarding transparency negotiations, Mr. Riggs remarked that these negotiations don't have to be this way and that Canada may be a better model.
 - The next big event is fast track and may not want to frame the argument to approve or disapprove but to move beyond that and talk to Maine's Congressional Delegation about another mechanism or option to fast track. Maine could be the leader with regards to fast track.
 - If define service jobs as anything can do within 200 miles then 50% of U.S. jobs at risk for out-sourcing overseas.
 - USTR may be at a tipping point regarding state influence if more states follow suit with the Commission.

IV. Michael Shuman (Vice President for Enterprise Development for the Training & Development Corporation of Bucksport, Maine) provided the following information:

- Locally-based businesses are more valuable to a community than a national company because the local business will employ local people and families from the community for generations and is anchored to the area and therefore less likely to move rather than adopt new labor and environmental laws. Locally-based businesses have a higher economic multiplier - \$100 spent in national chain results in \$14 staying in the local community as opposed to \$45 for locally-based businesses. Local businesses spend more money locally, i.e. supplies, lawyers, local advertising.

- Mr. Shuman stated that USTR moving into the realm of procurement is a big mistake; procurement is an important tool for government entities to give local businesses a preference and the current model of trade runs counter to this preference.
- It is possible for Maine to move ahead with selective procurement without running into trade issues by requiring all bidders to provide a job estimate that shows how much money will be spent in the local area and use a multiplier to give that bidder a preference. To avoid a charge of this being a secret trade barrier, Maine's legislature could do a study that looks at the local economic advantages of using this multiplier method for state bids on policy grounds; not just to discriminate against foreign entities. This establishes a rational, objective reason for the methodology.
- Suggested that adding local small businesses in the 40% tax credit (the credit is for non-local banks) will produce a small-business revolution.
- Current trade regime has the economic picture wrong (driven by mobile, global capital), Mr. Shuman hypothesized that economic development comes indigenously – self-reliant with a strong export component. If focus on a diverse local business economy can produce more locally without relying on imports. Import stabilization is important to achieve for greater local benefit – need to stop importing goods and services that can be done within the local community.
- Maine's security laws need to be overhauled and Maine should focus more on the recruitment of small businesses.
- Mr. Shuman stated that he is willing to help in anyway he can.
- Mr. Shuman promised to put together his recommendations for the Commission in writing.

V. General discussion

- Leslie Manning reported that a recent Department of Labor report on jobs shows that while the service sector will increase the manufacturing sector will decline over next 8 years. Ms. Manning indicated that while trade has a short-term benefit in cheaper goods, in the long run it is proving to be devastating to Maine workers and a loss to Maine's over-all economy.
- Rep. Patrick provided a report back on the Nashville NCSL conference and stated that approximately 25 people gave him positive feedback on Maine's participation in NCSL and on the Commission's work.
- Commission asked staff to investigate whether or not there is a recording of the NCSL Trade Policy Leadership seminar and for Commission members to let chairs or staff know if they are interested in the seminar.
- Discussed Vermont's Commission on International Trade request to send someone from the Commission to its first meeting on September 28, 2006. Rep. Patrick hoped to be able to attend in person. It was agreed to that staff would attend by conference call if no one from the Commission could attend. Commission directed staff to express its excitement about the creation of Vermont's commission and that the Commission looked forward to working with them.

- Discussed dates available to have Alan Tonelson attend a Commission meeting and potential funding for his visit. No final decisions were made but members of the Commission are coordinating their efforts get Mr. Tonelson to Maine.
- Commission discussed FOA concerns regarding emails and conference calls.
- Commission directed staff to draft legislation for pulling in more staff resources from other agencies and to change the assessment schedule from annually to every two years.
- Discussed the 109th Congress House Concurrent Resolution that was presented at the Commission's last public hearing. Could use concurrent resolution as a template for a model trade agreement. Matt Schlobohm agreed to look into the status of the resolution.
- The Commission agreed to establish a subcommittee to stay abreast of fast track developments by January and directed staff to put it on the agenda for the next meeting.
- Sen. Rotundo stated that MITC now has a new director and the board is very interested in meeting with the Commission. Sen. Rotundo will continue to work with MITC to set up a meeting as soon as possible.
- Sen. Rotundo is continuing to look for students to help with Commission work.
- Commission member provided information on the Solidago Foundation that may be a source for outside funding for the Commission.

VI. Next regular meeting

- Commission decided to resume holding its monthly meeting on the first Friday of every month but directed staff to poll Commission members to see if a October meeting necessary.

VII. Adjournment.

- The Commission adjourned its meeting at approximately 4:30PM.