

**STATE OF MAINE  
122<sup>nd</sup> LEGISLATURE  
FIRST REGULAR SESSION**

**First Annual Report of the  
Citizen Trade Policy Commission**

**November 2005**

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## EXECUTIVE SUMMARY

The Citizen Trade Policy Commission (“Commission”) was established during the Second Special Session of the 121<sup>st</sup> Legislature by Public Law 2003, chapter 699, to provide an ongoing state-level mechanism to assess the impact of international trade policies and agreements on Maine’s state and local laws, business environment and working conditions. Public Law 2003, chapter 699 requires the Commission to submit an annual report on its activities and conduct an annual assessment of the impacts of international trade agreements on Maine’s state and local laws and business environment. This document is the Commission’s 2005 annual report.

Public Law 2003, chapter 699 requires the Commission to hold at least two annual meetings and two annual public hearings to solicit public testimony and recommendations from Maine citizens and qualified experts. The Commission initially convened on October 6, 2004 and held seven additional meetings and two public hearings before June of 2005. As a result of those meetings, the Commission took the following actions:

- Issued a statement urging Maine’s Congressional Delegation to work against the passage of DR-CAFTA
- Recommended in writing that United States Trade Representative carve out government actions at the state and local level from the new GATS offer until the Commission had an opportunity to adequately review and analyze the language of the proposed commitment.
- Issued a number of press releases regarding its activities and held press conferences regarding its position on CAFTA.

In recognition of the immense scope of trade policy issues facing Maine, the Commission created three subcommittees to focus on the broad policy areas of natural resources/environment, healthcare and labor/economic development for analysis. The subcommittees’ analyses of these policy areas are attached to this report. Additionally, the Commission established a legislative subcommittee to work with the other subcommittees to determine whether or not legislation may be necessary to reap the full benefits or mitigate unfavorable impacts of trade agreements.

Over the next reporting period, the Commission will work towards building a better working relationship and improve communications with federal and state governments and entities to increase Maine’s role in the negotiation of trade agreement and to maximize the benefits of trade agreement to Maine. It will continue to conduct its analysis of the three major policy areas identified previously and seek to help mitigate the adverse impacts some sectors in Maine are experiencing through discussion, education and potential legislation.

## I. INTRODUCTION

The Citizen Trade Policy Commission (“Commission”) was established during the Second Special Session of the 121<sup>st</sup> Legislature by Public Law 2003, chapter 699. A copy of the law is attached as **Appendix A**. The 21-member Commission includes six legislators, five non-voting agency officials representing the Department of Labor, the Department of Economic and Community Development, the Department of Environmental Protection, the Department of Agriculture, Food and Rural Resources, and the Department of Human Services, and ten public members representing business, labor, health, government and environmental interests. The Commission membership roster is listed in **Appendix B**.

The Commission was established to provide an ongoing state-level mechanism to appropriately assess the impact of international trade policies and agreements on Maine’s state and local laws, business environment and working conditions. Specifically, the Commission was charged with the following duties:

- 1) To assess and monitor the legal and economic impacts of trade agreements on state and local laws, working conditions and the business environment;
- 2) To provide a mechanism for citizens and Legislators to voice their concerns and recommendations;
- 3) To make policy recommendations designed to protect Maine’s jobs, business environment and laws from any negative impacts of trade agreements; and
- 4) To establish an ongoing communication link between local, state and federal agencies and the public.

Public Law 2003, chapter 699 requires the Commission to hold at least two annual meetings and two annual public hearings to solicit public testimony and recommendations from Maine citizens and qualified experts. The Commission is also required to submit an annual report on its activities and conduct an annual assessment of the impacts of international trade agreements on Maine’s state and local laws and business environment.

## II. MEETINGS

The Commission was convened on October 6, 2004 and held seven additional meetings on the following dates: November 9, 2004; December 16, 2004; January 21, 2005; February 25, 2005; April 22, 2005; May 27, 2005; and June 25, 2005. Summaries of these eight Commission meetings are attached as **Appendix C**. Because of the complexities of international trade agreements and the varying degrees of expertise among Commission members, the Commission dedicated much of its first year to the review of trade agreements and establishment of connections with federal, state and

nonprofit entities involved in the development of trade agreements. Commission members and outside experts gave presentations to the full Commission on various aspects of trade agreements covering a broad range of topics. These briefings helped the Commission begin to identify and prioritize areas of international trade that were most likely to have an impact on Maine. In completing its work, the Commission heard presentations from the following experts:

- Alan Stearns, Senior Policy Advisor to Governor Baldacci, briefed the Commission on the recent United States Trade Representative request for gubernatorial action on state government procurement components of trade agreements being negotiated with Panama and Andean countries.
- Peter Riggs and Jennifer Gerbasi from the Forum on Democracy and Trade, a non-profit organization based in Washington, D.C. and affiliated with the Harrison Institute of Public Law, Georgetown University Law Center that provides legal and technical assistance and networking support to states working on trade issues, provided the Commission with general orientation and background information on international trade agreements and governance issues.
- Dr. Charles Lawton, Senior Economist, Planning Decisions, Inc. provided the Commission with a general overview of Maine's economy, citing three main trends: the income-earnings paradox, the natural resources glut, and the housing boom. Dr. Lawton also discussed the impact of trade agreements on Maine's economy.
- William Warren and Sylvia Tonova from the Forum on Democracy and Trade briefed the Commission on CAFTA and addressed other areas of international trade agreements.

Because the power to enter into international trade agreements resides at the federal level, the Commission requested meetings with Maine's Congressional Delegation and the Office of the United States Trade Representative. On February 25, 2005, representatives from Maine's Congressional Delegation met with the Commission to brief the Commission on the status of CAFTA in Congress and to discuss ways that the Commission could open up a dialog with those involved in international trade issues and negotiations at the federal level (See February 25, 2005 meeting summary included in Appendix C).

The Commission continues to work with the Office of the United States Trade Representative (USTR) to schedule an informational meeting in October 2005.

### **III. PUBLIC HEARINGS**

The Citizen Trade Policy Commission held two public hearings, one at the Husson Business College in Bangor on February 3, 2005, and a second at the University

of Southern Maine in Portland on April 19, 2005. The hearings were designed to solicit information from the public about both the positive and negative affects international trade agreements have on Maine's economy, labor force, healthcare and environment. In particular, participants were encouraged to provide testimony regarding the North American Free Trade Agreement and the Central America Free Trade Agreement. A summary of the testimony received at the Bangor and Portland public hearings is attached as **Appendix D**. Each public hearing was attended by approximately 70 people and the testimony was decidedly downbeat regarding the current impact trade agreements are having in Maine. In addition, the public expressed deep concerns regarding the potential impact of the Dominican Republic-Central American Free Trade Agreement (since signed into law on August, 2, 2005) and strategies to mitigate any negative impacts on Maine.

The public hearings provided a wealth of information regarding the impact of trade agreements and highlighted some business sectors that are experiencing difficulties under NAFTA. At the Bangor public hearing, the Commission was informed about a possible violation of NAFTA regarding modular homes being imported from Canada that was placing Maine-based modular home businesses at a competitive disadvantage. As a result, members of Maine's Congressional Delegation conducted a preliminary investigation and determined that a violation of NAFTA may have occurred and implemented steps to rectify the situation. This example illustrates the importance of the Commission's role in providing a forum for Maine's citizen to express their concerns and as a mechanism for resolving issues that arise during the implementation of trade agreements.

The Commission will continue to hold at least two public hearings annually in different geographic regions of the State.

#### **IV. COMMISSION ACTIONS**

In addition to activities previously discussed, the Commission engaged in the following activities:

1. As the Dominican Republic, Central American Free Trade Agreement (DR-CAFTA) went through negotiations and worked its way through the United States Congress, the Commission issued a statement urging Maine's Congressional Delegation to work against the passage of DR-CAFTA. Based on its own analysis and the concerns of Maine citizens and constituencies, the Commission concluded that DR-CAFTA failed to meet basic standards that any acceptable trade agreement should meet regarding state sovereignty, basic human rights and services, labor rights, environmental protections and the negotiation process. A copy of the Commission's statement on CAFTA is attached as **Appendix E**. DR-CAFTA was subsequently passed by Congress without the support of Maine's Congressional Delegation and signed into law by President Bush on August 2, 2005.

2. The Commission drafted a letter in response to a May 3, 2005, USTR memo to the State Points of Contact and the Intergovernmental Policy Advisory Committee asking for comments by May 31, 2005, regarding ongoing negotiations at the World Trade Organization on the General Agreement on Trade in Services (GATS). Because of the short time frame given for comments by the USTR, the Commission recommended that the USTR carve out government actions at the state and local level from the new GATS offer until the Commission had an opportunity to adequately review and analyze the language of the proposed commitment. A copy of the letter is attached as **Appendix F**. While the USTR's memo was dated May 3, 2005, The Commission was not made aware of this memo until their May 27, 2005 meeting. The Commission's response letter was sent to USTR on May 27, 2005 and USTR notified the Commission through verbal communication that due to the late arrival of the Commission's letter its recommendations were not considered for inclusion in the proposed GATS commitment. The Commission subsequently drafted a letter to the Maine Congressional Delegation on July 1, 2005 seeking assistance in obtaining information from the USTR regarding the federal government's intentions to commit Maine state laws to comply with the GATS as well as clarification on the USTR consultation process. A copy of the letter is attached as **Appendix F**.
3. The Commission issued a number of press releases regarding its activities and held press conferences regarding its position on CAFTA.
4. Members of the Commission participated in a seminar sponsored by National Conference of State Legislatures and the National Association of Attorneys General held on April 15-16 in Washington DC which explored the impact of international trade agreements on states. The Commission's work with these organizations is on-going.
5. The Commission chairs participated in a National Leadership Meeting on International Trade and the States sponsored by the Forum on Democracy and Trade held on April 29 – May 1 in Tarrytown, New York. The meeting provided states with a forum to explore different state models and develop strategies to work together to address the impact of international trade agreements and policies on states.

## **V. SUB-COMMITTEES**

In recognition of the immense scope of trade policy issues facing Maine, the Commission chose to initially focus on the broad policy areas of natural resources/ environment; healthcare and labor/economic development. The Commission assigned members based on their expertise and interest to a subcommittee for each of the policy areas and directed the subcommittees to focus on the development of a long-term work

plan, tracking and analysis of trade agreements, functional roles in Maine, and to identify issues that may require legislative action to resolve. Generally, subcommittees held meetings in conjunction with the Commission and reported their activities, findings and recommendations to the Commission for its consideration and action. During this first year, the subcommittees focused their research on the following areas:

- Healthcare Subcommittee: pharmaceuticals, provision of health insurance, and the licensing of health-care officials and facilities;
- Labor/Economic Development Subcommittee: job loss and creation due to international trade, wages, and export and import data;
- Natural Resources/Environment Subcommittee: water withdrawal regulation, Maine Climate Action Plan, and zoning and smart growth issues

Copies of each subcommittee's annual assessment are attached as **Appendix G**.

Because the Commission has authority to recommend or submit legislation, a legislative subcommittee was formed to work with the other three policy subcommittees and the full Commission to assess the need for potential legislation and to draft language when appropriate. The legislative subcommittee developed overall goals and strategies to determine if and when legislation may be necessary and/or appropriate in order to take full advantage of trade agreements while minimizing any negative impacts on the State. The subcommittee continues to work through this process and has provided the Commission with draft pieces of legislation that are currently under review.

## **VI. AGENDA FOR NEXT YEAR**

The Commission plans to hold monthly meetings starting in September, 2005 and at least two public hearings in divergent areas of the state. The Commission will strive to build a better working relationship and improve communications with federal and state governments and entities to increase Maine's role in the negotiation of trade agreements and to maximize the benefits of trade agreement to Maine. The Commission will continue its analysis of the three major policy areas described previously and seek to help mitigate the adverse impacts some sectors in Maine are experiencing through discussion, education and potential legislation.