

# CITIZEN TRADE POLICY COMMISSION MEETING

January 8, 2010

## Summary

**Members Attending:** Rep. Margaret Rotundo, Chair; Sen. Troy Jackson, Chair; Rep. Sharon Treat, Sarah Bigney, Paul Volckhausen, Michael Hiltz, Carla Dickstein, Joseph Woodbury, John Palmer, Linda Pistner, John Patrick, Wade Merritt

**Staff Attending:** Judy Gopaul

Representative Rotundo called the meeting to order at 10:00 a.m. Introductions were made.

### **Dana Eidsness, Forum on Democracy via conference call:**

Dana Eidsness gave an update on trade and pharmaceutical policy. Appears USTR is using the trade policy to restrict drug pricing regulations. Suggested states take action opposing the use of trade agreements and negotiations to restrict drug pricing programs. The USTR is not a health regulatory authority, has no expertise in public health matters. States should oppose inclusion of pharmaceutical chapters in FTA's; oppose targeting of "reference pricing" programs in any new Trade Promotion Authority Act; and participate in the Special 301 comment process. Every January, USTR solicits comments from all interested parties. States should submit comments opposing the use of Special 301 to restrict foreign pharmaceutical pricing programs.

There is a timetable for submitting comments which she believes is the end of January and will get that information to Curtis immediately. She also arranged for a Special 301 conference call Friday to brief state commissions regarding trade and pharmaceutical policy issues and will forward call-in information to Curtis.

Motion was made to delegate authority to the chairs to draft a letter regarding the Special 301 hearing stating the Commission's position. Seconded; vote, unanimous.

### **Discussion of 2009 Water Resource Report Assessment with William Warren via conference call:**

Discussion followed on the final version of the assessment. Suggestion was made to include an introductory paragraph such as the purpose of the assessment, along with a Table of Contents and web links to each topic.

Rep. Rotundo thanked Mr. Warren on behalf of the State of Maine and commission members for the report and the analysis which was found very informative, eye opening, extremely helpful and much appreciated.

Motion made by Linda Pistner to accept the assessment with the understanding that detailed edits that are suggested could still go forward and if edits result in substantive changes, would have to come back to the commission. Seconded. Vote, unanimous with conditions as noted.

### **Work plan for 2010:**

Linda Pistner reminded members that at the end of the last meeting, a vote was taken for the Commission to continue but there was not a quorum to ratify the vote.

Motion was made to ratify the vote for the Commission to continue and make recommendations to the Legislature. Seconded. Vote, unanimous.

Suggestion was made to have training with the OPLA staff on trade policy. Rep. Rotundo will review with the Governor's advisors.

Members were asked to review today's report and where they want to go it, as well as water extraction issues. Members need to compile topics of interest for future Commission meetings, to include speakers to educate members, communication and to be prepared for full discussion at February's meeting.

**Next Meeting:**

The next meeting is scheduled for February 19<sup>th</sup> at 10:00 a.m. Judy will advise members of location.

Meeting adjourned.

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**CITIZEN TRADE POLICY COMMISSION  
MEETING  
February 19, 2010**

**Summary**

**Members Attending:** Sen. Troy Jackson; Sen. Stan Gerzofsky; Rep. Sharon Treat; John Patrick; Joseph Woodbury; John Palmer; Cynthia Phinney; Malcolm Burson; Sarah Bigney; Michael Roland; Linda Pistner

**Staff Attending:** Linda Nickerson, Judy Gopaul

Sen. Jackson called the meeting to order at 10:00 a.m. Introductions were made.

**Buy America Negotiations – Canada:**

Sara Bigney gave an update of the “Buy America Negotiations”.

**CTPC Letter to USTR – Prescription Drugs:**

Rep. Treat reminded members that at the January meeting, members voted to send a letter regarding pharmaceutical pricing restraints and that she would also provide oral testimony at the March 3<sup>rd</sup> USTR hearing on the Special 301 reports being held in Washington, DC. Discussion followed on how pharmaceutical pricing provisions affect state Medicaid programs and whether USTR understands the implications. Whatever policy is pursued, USTR should be aware and take measures so that states do not get hurt as a result. Rep. Treat will give an update at the next meeting on the results of the hearing.

**Water Extraction Report to Natural Resources Committee and Forum’s Assessment:**

Rep. Rotundo was not available, item tabled for next meeting.

**Work Plan for 2010:**

Discussion followed on the paper industry issue and significant subsidies being given to China and Indonesia; health care pharmaceutical issues, institutional issues such as relationships with USTR and states, educational components for members and communication.

John Palmer advised members that manufactured housing in Maine has been adversely affected by imports from Canada and how regulations, licensing, workers’ compensation, use of subcontractors, etc. have been violated. Sen. Jackson suggested getting Maine Revenue Services involved. John will try to get a speaker from the housing board to attend an upcoming meeting. Sarah suggested sending a letter of introduction to them of who the members are with a brief description.

**Meeting Schedule for FY2010:**

The following is an established meeting date schedule.

- March 19
- April 16

- May 21
- June 18
- July 16
- August – to be determined
- September 17
- October 15
- November 19
- December 17

Rep. Treat mentioned that the Council of State Governments will be holding the Eastern Regional Conference August 15-18 at the Holiday Inn By the Bay, Portland, Maine and possibly the Commission could schedule a meeting or presentation with them.

John Hennessy from Council of State Government spoke with members and agreed that holding a panel discussion on trade policies, etc. at the conference in August was a great idea. He will follow up with Rep. Treat on coordinating it.

**Public Hearing Date/Location:**

After lengthy discussion it was determined to hold the mandated CTPC Public Hearing May 6<sup>th</sup>, 6:00 p.m. at Oxford Hills High School. John Palmer will finalize the meeting location and report back. Subject matter will focus on international trade, impact, and receive testimony from the public on these areas.

**Agenda Items for Next Meeting:**

- Update on Council of State Government meeting and panel discussion in August
- Water extraction report and assessment
- USTR update
- Work plan for 2010 (report from sub-committee)

**Adjournment:**

Motion made by Rep. Treat to adjourn. Seconded by Joseph Woodbury. Vote, unanimous. The meeting adjourned at 11:45 a.m.

Respectfully submitted,

Linda B. Nickerson

# CITIZEN TRADE POLICY COMMISSION MEETING

March 19, 2010

## Summary

**Members Attending:** Sen. Troy Jackson; Chair; Sen. Stan Gerzofsky, Sen. Roger Sherman, Rep. Sharon Treat, Rep. Jeffrey Gifford; Sarah Bigney, Paul Volckhausen, Michael Roland, Michael Hiltz, Michael Herz, Malcom Burson, John Patrick, John Palmer, Carla Dickstein

**Guests Attending:** Daniel Lawson, Alliance for American Manufacturing; Judilee Whittemore, New Page; Donna Weston, USW Local 900; Ron Hemingway, USW Local 900

**Staff Attending:** Linda Nickerson; Judy Gopaul

Senator Jackson called the meeting to order at 10:05 a.m. and introductions were made.

### **Presentation – Daniel Lawson, Alliance for American Manufacturing**

Mr. Lawson was employed in the paper manufacturing industry for twenty-two years, is the Field Coordinator for Alliance for American Manufacturing (AAM) and defined their mission and purpose.

On September 23, 2009 three US paper producers, Appleton Coated LLC, NewPage Corporation and Sappi Fine Paper North America and the United Steelworkers filed antidumping and countervailing duty petitions covering certain coated paper from China and Indonesia alleging that the Chinese and Indonesian exporters of the coated paper covered by the petitions were selling in the United States at prices below normal value and that China and Indonesia producers received subsidies from their governments. The petitions also allege that the U.S. industry producing comparable coated paper is being injured as a result of unfair trade imports from these countries.

Numerous letters of support from the Maine Congressional Delegation were filed with the United States Trade Commission asking for a tariff to be levied on the imports to level the playing field.

Mr. Lawson along with others has been working jointly with companies and towns educating them on the issue of paper dumping and has received letters of support from seven local towns. They have identified twenty-six other towns that they will target for future meetings.

On March 2, 2010, the Department of Commerce found that Chinese and Indonesian coated paper producers have received improper subsidies and issued determinations. As a result, tariffs will be imposed on imports of coated paper to offset the unfair advantage provided by subsidization and that importers of the paper will have to post bond or cash deposits.

The Asian Paper Association filed an appeal on the decision on March 3, 2010.

On April 28, 2010, the Department of Commerce will issue its preliminary determinations in the antidumping duty investigations. In the fall, the International Trade Commission will conduct a public hearing to hear arguments of each side as it prepares final decisions as to whether the domestic industry is injured or threatened by imports of Chinese and Indonesian coated paper.

Mr. Lawson also added that since 2002, approximately 60,000 jobs have been lost in the paper industry. These numbers do not include jobs that have been lost and affected by the paper industry closures such as the trucking companies, drivers, mom and pop stores that depend on the workers, grocery stores, and the like.

Mr. Lawson asked for letters of support from the Citizen Trade Policy Commission and to recommend the same to the Governor.

Sen. Sherman asked if it would be possible for Mr. Lawson to get the overall fiscal impact on what exactly has taken place and that he would like to see the “big” numbers.

Discussion followed on the negative economic impact to Maine if nothing is done for the paper manufacturing industry. Rep. Gifford reminded members that Maine once was a thriving manufacturing state famous for their shoe, tissue, shirt and fabric industries, meat processing, along several others which all have closed and no longer exist in Maine.

Mr. Lawson was thanked for his work and efforts in educating the community in these areas.

#### **Presentation - Donna Weston, Dixfield, NewPage Paper Mill**

Ms. Weston described her position and how the economic impact, directly and indirectly affect jobs in Dixfield and how plant closure repercussions go beyond employees.

#### **Presentation – Judilee Whittemore, NewPage Paper Mill**

Ms. Whittemore is an employee of NewPage in Rumford. Ms. Whittemore explained how closure of the Rumford mill would affect her family, banks, stores, as well as the state’s revenue received in taxes, sales, etc.

#### **Presentation – Ron Hemingway, Rumford Paper Mill and USW Local 900**

Mr. Hemingway has been employed at the Rumford Paper Mill for approximately thirty-four years, is with USW, Local 900 and also with the Maine Labor Council for about eighteen years.

Seventy-five to eighty percent of the town’s taxes come from the Rumford mill which will decrease to around 40 percent if the mill shuts down. This affects the overall town tax budget, the school budget and the community.

Mr. Hemingway expressed his concerns with the mills shutting down, how it has affected families, loggers, suppliers, wood chip plans and various other vendors. He expressed his concerns on the import of paper from China and Indonesia and how it has affected the mills, the employees, and the overall community of having cheap imported subsidized paper dumped in the US market.

Sen. Jackson thanked Ms. Weston, Ms. Whittemore, and Mr. Hemingway for coming to today’s meeting and expressing their concerns.

Discussion followed on the commission drafting a letter of support and sending it to the Department of Commerce, the International Trade Commission, USTR, and should include the Council of State Government which is holding their conference in Portland in August.

Motion was made by Mike Roland for the Commission to draft a letter of support to appropriate trade commissions with copies to USTR, etc. to the affect that we support the paper trade case. The motion was amended to include congressional delegation and the Governor's office.

It was also suggested to include that the costs that China incurs does not get passed onto the workers in China. Discussion followed on how they have no control of what China does. Sharon Treat suggested including language to express concerns of the labor treatment of the workers of other countries.

Malcom Burson reminded members that the motion had to come from an appointed member.

Motion was made by John Patrick for members to draft a letter of support to appropriate trade commissions with copies to USTR, etc. to the affect that they support the paper trade case. The motion was amended to include congressional delegation and the Governor's office.

Seconded by Rep. Gifford. Vote, unanimous.

It was suggested to contact the legal team in the above mentioned case to get a better understanding.

### **Work Plan for 2010**

Discussion followed on strategy for a better communication plan, resources, constituent's feedback and concerns. Suggestion was made to develop a Face book page for the commission. Suggestion was made to create a sub-committee to develop a strategic planning structure for the coming year. Members are Michael Herz and Sara Bigney.

Sharon Treat gave an update on the hearing before the USTR March 3, 2010 where she provided oral testimony representing the Commission. The purpose of the hearing was to get comments and testimony. Testimony we well received which sparked a lot of interest.

Sarah Bigney advised members that there is a new lawsuit filed with NAFTA – AbitibiBowater regarding water trade and will send out information to members about it.

John Patrick suggested inviting speakers from the paper industry to attend the public hearing.

### **Next Meetings:**

The next commission meeting is scheduled to be held April 16<sup>th</sup> at 10:00 a.m. The Public Hearing is scheduled May 5 at Oxford Hills Comprehensive High School, South Paris, Maine at 6:00 to 9:00 p.m.

### **Adjournment:**

There being no further discussion, the meeting ended at 12:22 p.m.

Respectfully submitted,

Linda B. Nickerson

# CITIZEN TRADE POLICY COMMISSION MEETING

Cross State Office Building  
Utilities Commission Room 211

June 18, 2010

## Summary

**Members Attending:** Sen. Troy Jackson; Chair; Rep. Sarah Bigney, Paul Volckhausen, Michael Roland, Michael Herz, Malcom Burson, John Patrick, John Palmer, Joseph Woodbury, Carla Dickstein, Wade Merritt, Cynthia Phinney, Linda Pistner

**Guests via Polycom:** Jim Catella, Sen. Olympia Snowe's Office  
William Waren, Forum on Democracy & Trade

**Staff Attending:** Linda Nickerson, Natalie Haynes

Senator Jackson called the meeting to order at 9:03 a.m. and introductions were made.

### **Discussion/Comments on the CTPC 2010 Work Plan:**

Sara Bigney reviewed the 2010 work plan.

#### Task Forces:

*Paper ruling* - John Patrick will get an update from Dan Lawson, Alliance for American Manufacturing, who gave a presentation at the March meeting. He will see if Mr. Lawson can attend an upcoming meeting and also find out the status of the USTR ruling. Mike Roland expressed interest in knowing how industry sees the recent ruling, if there are similar dumpings occurring, what type of commodities may be affected next and how it has affected the mills. John Patrick will contact John Williams, President of Maine Pulp and Paper Association and get information.

*Energy corridor and trade policy connections including LNG* – Cynthia Phinney will contact Sen. Sherman and collaborate with him on this item. Michael Herz offered to work on this task force and look into LNG item.

*Health care and trade policy* – Michael Hiltz expressed to Sarah Bigney that he would work on this task force.

*Outreach to Legislature, Governor, etc.* – Rep. Jackson stated that Rep. Rotundo and all CTPC senators and representatives will serve on this task force.

*Other areas* – Cynthia Phinney suggested a meeting on federal/state consultation, what they'd like to see and what other states are doing. Sarah will work with Cynthia on this topic.

*Staff funding* - Sarah Bigney stated that money in the fund will roll over into the next FY budget but currently the dollar amount is not available. A lot depends on budget cuts.



**Presentation via Polycom – Jim Catella, Sen. Snowe’s Office regarding rubber shoe trade issue**

Jim Catella addressed Sen. Snowe’s May 3rd letter to Chairpersons, Max Baucus and Charles Grassley, U. S. Committee on Finance, and signed off by several senators and members of Congress.

Mr. Catella advised that he visited the New Balance plants in Maine, was approached by workers advising him of what was going on in the industry, and was asked if Sen. Snowe’s office could help.

Genfoot, Inc. of New Hampshire and New Balance of Maine are among the few domestic shoe manufacturers that have not outsourced production. There appears to be companies based in New York and New Jersey (but the product is made in China) that have created a way to get around paying duty tariffs. By spraying a small amount of fabric textile material onto the sole of the footwear, the footwear is reclassified as a textile product and subject to a lower duty rate. The textile fabric that has been sprayed onto the sole wears off within a couple of weeks. Mr. Catella saw footwear that has sprayed fabric on the sole. It is only a matter of time before other companies start using the same process and paying lower tariffs. This leads to an unfair playing field for the manufacturers located here.

Sen. Snowe’s letter is requesting Congress to include a provision to S 730, Affordable Footwear Act that will close the loophole that allows importers to evade the duties.

Mr. Catella asked for a letter of support from the CTPC regarding this practice and the impact on workers and jobs in Maine.

Sara advised that Rep. Rotundo expressed her thanks to Sen. Snowe and others in pursuing to preserve hundreds of jobs and preventing importers from skirting tariff rates that protect domestic footwear manufacturers.

Wade Merritt asked what the status was of the small business jobs bill. Mr. Catella reported that the export provisions looked secure; they were looking at other concerns such as estate tax and other provisions that may be attached to the job. They should move forward on this before July 4<sup>th</sup>.

There being no further questions, Rep. Jackson thanked Mr. Catella and Sen. Snowe’s office for sharing their concerns.

Discussion followed on the subject of how footwear is classified as soles being 50% rubber and duty tariff rates. Whatever part of the footwear has the greatest service area is how it is classified, so if the sole is fabric coated, it’s classified as “textile”. By spraying fabric over the soles of footwear, the footwear is reclassified as a textile product, therefore subject to a much lower duty rate.

Motion made by Cynthia Phinney to submit a letter of support from the CTPC. Seconded by John Patrick. Vote, unanimous.

## **Public Hearing Comments:**

Cynthia Phinney reported that attendees were from a variety of walks of life. There appeared to be a lot of farmers in attendance. A variety of issues were discussed.

There was no further discussion on the public hearing.

## **Presentation via Polycom – William Waren, Forum on Democracy & Trade**

Bill Waren attended a forum in Pocantico, NY which brought together legislators and local/state officials of which Rep. Rotundo was in attendance. As a result, a decision was made in order to be better informed on issues; they need to establish international contacts.

Negotiations have begun on the Trans-Pacific Partnership (TTP), a trade and investment agreement intended to integrate economies of the Americas and East Asia. The United States initiated negotiations with seven countries in March 2010. Other countries may be invited to join negotiations at a later date. Discussions are focusing on the model that the U.S. may use.

Discussion followed on issues regarding dairy imports from New Zealand. U.S. dairy farmers and members of Congress believe that this engages in unfair trading practices and excessive power over the global dairy market.

Another topic pending is the China bilateral investment treaty. China is a major exporter, invests and owns a lot of U.S. There's talk of the Obama administration retreating the bi-partisan trade policy agreement that the Bush administration settled upon which includes labor and environmental protections. The "talk" is, in order to sign a bilateral investment treaty with China; we will have to remove labor protections out of the US model.

Another major issue, the Forum is expecting a decision from WTO tribunal that's looking at legality of state and local government economic development tools used to encourage Boeing to keep its production facilities in the U.S.. Discussion focused on two commercial aircraft companies, Boeing and Airbus. Complaints have been filed that there are violations of the WTO agreement on Subsidies and Countervailing Measures (SCM).

The forum is working on developing papers that show the connection between trade and federalism policy and the general economic fiscal crisis.

We experienced difficulties maintaining a phone connection with Mr. Waren and the polycom. Since there was no further questions, Mr. Waren ended his presentation.

Sen. Jackson thanked Mr. Waren for his updates and information.

## **Update – Sarah Bigney regarding National Office of Insurance issue**

A couple of meetings ago, Mila Kofman, Superintendent, Maine Bureau of Insurance, brought to our attention of a clause in the financial reform bill that would create an Office of National Insurance that would give them power to preempt state insurance regulations. Currently the Senate version still contains the clause. The House version contains language indicating it

cannot be preemptive of state insurance regulations. The two bills now have to go through committee to reconcile their differences and come up with one bill. Rep. Pingree has submitted a letter requesting to use the House language clause in the final bill.

**Other Discussions:**

Sarah Bigney circulated a handout titled "Clearing the Hurdles: Steps to Improving Wages and Working conditions in the Global Sportswear Industry." Workers from factories in China, India, Indonesia and Thailand about their wages, experiences, and working conditions. The handout summarizes their findings.

Sarah mentioned when purchasing footwear to look at the tags inside. They'll indicate whether the item was made in the China or USA.

**Upcoming Meetings and Future Guest Speakers:**

Action Items:

Sen. Jackson will contact Hilda Solis, U.S. Secretary of Labor; invite her to attend/present at an upcoming meeting.

Wade Merritt will look into how customs and border patrol make determinations on classifying products. Will also invite Pat Mears, Director, International Economic Affairs, National Association of Manufacturers, to speak at a future meeting.

John Palmer will contact Peter Connell for an update at the October meeting.

Next meetings:

July 16 – Updates from task groups.

August – TBD, possibly schedule in Portland with Council of State Governments 50<sup>th</sup> Annual meeting, need to talk with Sharon Treat to get an update.

September 17 - Wade Merritt stated that Janine Bisailon-Cary, President, MITC will give a presentation.

October 15

November 19

December 17

**Adjournment:**

The meeting adjourned at 10:45 a.m.

Respectfully submitted,

Linda B. Nickerson

# **Citizen Trade Policy Commission**

**Friday July 16, 2010, 9:00 A.M.**  
**State House, Transportation Committee Room (Rm 126) Augusta**

## **MEETING SUMMARY**

**Members present:** Sen. Troy Jackson, Rep. Margaret Rotundo, Rep. Sharon Treat, Linda Pistner, Malcolm Burson, Michael Roland, Sarah Bigney, Cynthia Phinney, Michael Herz, Paul Volckhausen, Joseph Woodbury and John Palmer.

**Trade update from Nora Todd (Rep. Michaud's Office)** (by conference call). Congressman Michaud has a number of concerns about the proposed Korean, Panama and Columbia free trade agreements that he and others have expressed in the past. Rep. Michaud doesn't think President Obama has developed his own trade policy so still operating under President Bush's old trade policies. Congressman Michaud is afraid the administration will not seriously address labor and other issues in the Columbia FTA and will just put "window dressing" on agreement and try to pass it through as being changed. There needs to be a focus on benchmarks and make strict targets for lasting change. Korean FTA will likely go first (maybe by the first of the year). The commission should weigh in sooner than later on this FTA by sending a letter to the President, Maine's Congressional Delegation and USTR voicing the commission's concerns. There is not a lot of 'chatter' regarding the Panama FTA. USTR would like to move on Fast Track sometime later this fall. Rep. Michaud wants to support the export initiative but it just seems to be mostly marketing and not sure how it will help Maine. The Trade Act will be introduced again may need to be tweaked in places. The new financial reform bill may not be compliant with FTA so there is a potential for the FTA's to undermine the new reform laws. States' financial regulations may be subject to challenge under FTAs. Encourage the commission to send comments about FTA to Rep. Michaud.

**Trade update from Jim Catella (Sen. Snowe's office)** (By conference call). Senator Snowe is concerned about the Columbia FTA because of the country's labor practices and about the Panama FTA because of tax haven issues. The Korean FTA remains stalled over autos and beef market access issues. While other issues have been raised, Korea seems only interested in talking about beef and autos. USTR may try to move the Columbia FTA sometime in November so the commission should send its concerns sooner than later. Requested the commission send him its comments on pharmaceuticals, and financial sector issues and he would make sure they are a part of Sen. Snowe's negotiation process. Sen. Snowe has a general concern about FTAs tending toward greater rights for foreign investors and foreign concerns. She is trying to prevent this but needs to find new ways to structure FTAs. The financial reform bill will require the Treasury to consult more closely with states if it chooses to enter into any agreements. Encourage the commission to send any information about FTAs it may have to Sen, Snowe. Having meetings with the commission like this is very helpful.

**Task Force report backs or updates.** The commission encouraged task force members to meet when possible and to let staff know ahead of time if three or more are planning to meet to discuss commission business so the meeting time and place can be posted on the commission's web page.

**Korean Free Trade Agreement** The commission voted 10-0 to send a letter to President Obama, Maine's Congressional Delegation and USTR (with an e-mail follow up) raising the commission's concerns about state rights, financial (predatory lending) and pharmaceutical issues surrounding the FTA.

**Possible legislation.** The commission discussed possible legislation presented in the agenda and agreed to bring up the topic again closer to the beginning of the 125<sup>th</sup> Legislature.

**Policy Statement.** Rep. Rotundo said that adopting the policy statement would allow the chairs to act on behalf of the commission when issues arise that require action before the commission can meet on it. This would only apply to issues pertaining to policies outlined in the policy statement document. Anything else would need to go back to the commission to be discussed and voted on in a public forum. The commission voted 10-0 to adopt the policy statement presented at the meeting by staff.

**Commission budget.** The commission reviewed its budget history and budget for 2011. Rep. Rotundo suggested meeting fewer times but longer meetings.

**Agenda items for the next meeting.** The commission agreed not to meet in August. The September meeting will start at 9:00AM. Possible agenda items are: Janine Bisailon-Cary (President and State Director of International Trade, MITC) will attend the meeting to discuss MITC's activities and how both groups can improve their working relationship; Sen. Sherman update on LNG impact; allot time for task force member to meet after commission meeting.

**Adjournment:** The meeting adjourned at approximately 11:15AM.

## **Citizen Trade Policy Commission**

**Friday September 17, 2010, 9:00 A.M.  
State House, Transportation Committee Room (Rm 126) Augusta**

### **MEETING SUMMARY**

**Members present:** Rep. Margaret Rotundo, Rep. Sharon Treat, Rep. Gifford, Linda Pistner, Malcolm Burson, Wade Merritt, Carla Dickstein, Sarah Bigney, John Patrick, Cynthia Phinney, Paul Volckhausen, Joseph Woodbury and John Palmer.

**Rep. Rotundo's letter to Ambassador Kirk (USTR)** Rep. Rotundo briefed the commission on the letter she drafted to send to Ambassador Kirk as a follow up to statements he made about investment provisions in international trade agreements. A copy of the letter will be placed on commission's webpage.

**Maine International Trade Center (Janine Bisailion-Cary)** Ms. Bisailion-Cary gave the commission an overview MITC's operations and said that Maine experienced good growth in trade until 2008 when it began to decline. Ms. Bisailion-Cary stated that Maine's top export was in electronic semiconductors (integrated circuits) followed by paper, engine parts, wood/wood pulp and crustaceans in that order. Canada accounts for nearly half of Maine's exports followed by Malaysia, China, Japan and Saudi Arabia. Ms. Bisailion-Cary also provided an overview of 2010 trade missions and international outreach efforts conducted by MITC in Turkey, the United Kingdom, Dubai, Nova Scotia and Germany. She asserted that there are two barriers to increasing trade: 1) lack of workforce (executive teams) in businesses to research international markets – the owner/operator of the business does everything with no time or payroll to research other markets; and 2) available capital – small banks are not as well informed about international regulations, programs and negotiations. MITC is working with the banking community and FAME to address Maine's banking model. Ms. Bisailion-Cary stated that it is tough to get small operations to talk or get together for a number of reasons such as time, capacity and interest. It is important to determine the potential impact of trade on small businesses and get the small business voice heard. Commission thanked MITC for inviting it to MITC's meeting with Ambassador Kirk.

**Report and Discussion about Ambassador Kirks visit to Maine (Rep. Rotundo, Wade Merritt, Paul Volckhausen, Sarah Bigney and Dana Eidsness – Forum on Democracy and Trade were at the meeting with Ambassador Kirk)** Ambassador Kirk gave a brief presentation on USTR operations and then opened it up for questions and encourage people to follow up question or requests via e-mail. (See attached draft summary of main points discussed at the meeting with Ambassador Kirk) Commission discussion points:

- It is encouraging that USTR seems to be more open to input from states but we need to have contacts within USTR that are working on a specific issue – could forward CTPC meeting summaries to the USTR person responsible for the topic area discussed during the meeting.
- It is hard to determine the impact each individual letter or resolution has on a trade issue but combining the voices of other states will help.

- It is unclear how USTR will proceed with state consultation because it seems unlikely it will be able to hear from all 50 states all the time.
- Didn't feel Ambassador Kirk gave too many direct answers to questions but seemed to listen to questions and people's concerns.
- Dana Eidsness has been trying to get on an IGPAC state policy group and will be going to Washington D.C. next week to meet with representatives of the group. Dana thinks the new openness to having her on the policy group may come from USTR's realization that state trade policy groups are up and coming and must be better represented on these groups. Dana will report back to the commission.

**Update from the Forum on Democracy and Trade** Currently, there are two issues heating up. One is the U.S. and E.U. dispute over Boeing/Airbus subsidies. A WTO panel found that in some instances the E.U. subsidies of Airbus violated the Agreement on Subsidies and Countervailing Measures and recommended the subsidies be lifted within 90 days. The E.U. filed a counter complaint that U.S. federal government, state and local governments development grants for research and development are subsidies that violate WTO rules. The WTO has delayed its decision on that case upsetting the E.U. If the WTO panel rules in favor of the E.U., it may affect economic development in the U.S. because research and development grants may become WTO violations. Bill Waren has written extensively on this topic and can be found on the Forum's webpage.

The second issue is TPP and tobacco commitments. In January of 2010, USTR sought comments on the TPP agreement and Philip Morris weighed in and has been involved in the arbitration of the Uruguay case. Dana said the bottom line is that tobacco needs to carve out of the TPP agreement. The Forum is working on an analytical paper that should be ready shortly. Dana will keep the commission posted on developments.

**Task Force work.** The task force on legislative outreach will report back at the next meeting. The state/federal task force hasn't yet developed a work plan for the year but discussed issues around the State Point of Contact and IGPAC proposals. Rep. Rotundo ask member to talk about the best way to structure a task force and come up with a summary of ideas out there – Vermont has a statement of principals that may be a starting point. Sarah Bigney will confer with Vermont's trade commission and come up with a draft for the next meeting.

**Possible legislation.** The commission will take this up at the next meeting. Briefly discussed legislation to have disputes resolved in Maine courts and not international tribunal.

**Agenda items for the next meeting.** John Palmer will talk to Peter Connell about being a guest at the next meeting. John Patrick will see if Dean Larsen is available for the next meeting. Task Forces will report back and Sarah Bigney will bring a draft statement of principals for discussion. The commission will also discuss possible legislation for the 125<sup>th</sup> Legislature.

**Adjournment:** The meeting adjourned at approximately 11:15AM.

## **Citizen Trade Policy Commission**

**Friday October 15, 2010, 9:00 A.M.**

**State House, Transportation Committee Room (Rm 126) Augusta**

### **MEETING SUMMARY**

**Members present:** Sen. Jackson, Rep. Margaret Rotundo, Rep. Gifford, Malcolm Burson, Carla Dickstein, Sarah Bigney, Cynthia Phinney, Paul Volckhausen, Michael Hilts, Michael Herz, Joseph Woodbury and John Palmer.

**Pete Connell** (Killarney Holdings, LLC) Mr. Connell discussed the impact of trade agreements on manufacturing in Maine focusing on manufactured housing. Stated that the manufactured housing industry in declining rapidly in Maine and New England. He provided a statement by Alan Tonelson posing that NAFTA and other trade agreements played a significant role in expanding the housing bubble and have hindered the recovery from the current economic recession. Mr. Connell stated NAFTA removed tariffs in 1998 and since then modular home manufacturing in Maine has declined precipitously because of Canadian practices that violate provisions of NAFTA. He stated that the Immigration and Naturalization Service's failure to enforce NAFTA provisions has been devastating on modular home manufacturers in the northeast. Canadian enforcement is very strong. Mr. Connell responded to a number of questions from commission members. Commission member, Joseph Woodbury, provided the commission with additional insights into the issue that clarified or varied from statements made during Mr. Connell's presentation.

**Jim Catella (Senator Snowe's Office) update on softwood lumber issue.** Mr. Catella provided background information on the softwood lumber dispute between the U.S. and Canada efforts made to resolve the issue. The main problem stems from British Columbia heavily subsidizing the lumber industry activities in its interior to produce lumber at a price that the U.S. lumber companies cannot possibly compete. Maine's Congressional Delegation worked to bring this to the attention of USTR and pushed USTR to bring a case against British Columbia. On October 8, 2010, USTR finally filed a formal request for consultation whereby the two parties can try to work out a resolution. Mr. Catella did not expect the consultation phase of the process to be successful and thought the case would move into the arbitration phase. Mr. Catella figured that it could be a year before a final resolution could be achieved. Sen. Jackson asked Mr. Catella if it would be possible to get the Secretary of Labor to come to Maine and Mr. Catella replied he would try.

**Nominations for IGPAC.** Rep. Rotundo briefed the commission on USTR's announcement that it would accept nominations for IGPAC. The commission unanimously voted to put forth Rep. Treat as a nominee and directed staff to send out an e-mail to the whole commission seeking additional nominees. Wade Merritt was suggested as another possible nominee. The commission will revisit this topic at its November meeting.

**CTPC 2009 annual report.** The commission reviewed and voted 10-0 to accept the draft annual report with one grammatical change.



**Legislation Subcommittee.** The commission created a legislation subcommittee to consider possible legislation for the 125<sup>th</sup> Legislature. The subcommittee consists of Sarah Bigney, Wade Merritt and Linda Pistner. Sarah Bigney will convene the subcommittee.

**Sarah Bigney presentation on Federal/State consultation.** Sarah Bigney provided the commission with list of proposals to improve federal/state consultation made by a variety of entities including the NCSL, the Forum on Democracy and Trade, IGPAC and other state-level trade commissions. The commission favored putting together a set of principles that should be met by any federal/state consultation process instead of specifically designing an “optimum” consultation process. The commission decided to have Sarah Bigney and Malcolm Burson work together on developing a first draft of principles based on Ms. Bigney’s list and prior commission positions on this topic. The commission will take this topic up again at its next meeting.

**Public hearing.** The commission agreed to hold the next meeting in Washington County. Cynthia Phinney will work on finding a location for the next public hearing and Rep. Rotundo will talk to Senator Raye to get suggestions regarding time, place and topics.

**Staffing during legislative session.** Rep. Rotundo informed the commission that Dana Eidsness of the Forum on Democracy and Trade has offered to provide assistance during this time in the form of letter writing and technical assistance. The chairs are working to find someone to do more of the administrative support during the session.

**Agenda items for the next meeting.** Michael Hiltz requested 20 minutes to give a presentation on healthcare issues related to trade. Rep. Rotundo will provide suggestions for educating legislators about trade issues. The commission will determine the place, time and topic for the next public hearing. Sarah Bigney and Malcolm Burson will report on principles regarding federal/state consultation on trade matters. The commission will identify any other members that wish to be considered for IGPAC by USTR.

**Adjournment:** The meeting adjourned at 11:45AM.

## **Citizen Trade Policy Commission**

**Friday November 19, 2010, 9:00 A.M.**  
**State House, Transportation Committee Room (Rm 126) Augusta**

### **MEETING SUMMARY**

**Members present:** Sen. Sherman, Rep. Rotundo, Rep. Treat, Rep. Gifford, Linda Pistner, Michael Roland, Wade Merritt, Carla Dickstein, Sarah Bigney, Cynthia Phinney, Paul Volckhausen, Michael Herz, John Patrick and John Palmer.

**Forum on Democracy and Trade – Dana Eidsness.** Ms. Eidsness updated the commission on recent developments regarding the proposed Trans-Pacific Partnership (TPP) specifically, how tobacco will be treated in the proposed TPP. Phil Morris International is working to have the TPP follow the current U.S. model for trade agreements that treats tobacco trade like any other sector. The Forum is concerned that this could strengthen the tobacco industries' ability to challenge the strongest regulations on tobacco such as the Federal Food and Drug Administration's newly proposed labeling regulations, that serve as models for implementing the WHO Framework Convention on Tobacco Control. Ms. Eidsness suggested the commission send a letter to USTR opposing the inclusion of investor-state provisions in an investment chapter in the TPP and request that tobacco be specifically carved out of the TPP and any future trade agreement. The commission voted 12-0 to send such a letter to USTR.

Nominations for IGPAC, Ms. Eidsness informed the commission that the Vermont trade commission is planning to submit three names to USTR for consideration in IGPAC but did not know if N.H., Washington or Massachusetts would submit names. Rep. Rotundo asked commission members if there was anyone else from the commission they would like to have considered for membership on IGPAC. There were no more names suggested. At a prior meeting, the commission nominated Rep. Treat for consideration by USTR to become an IGPAC member. During the October 15, 2010 meeting, commission member John Palmer suggested the nomination of Sarah Bigney but she declined.

**Sarah Bigney – report on federal/state consultation model.** Ms. Bigney provided the commission with a draft position/working paper on state-federal consultation as a starting point for discussion by the commission. Commission members carefully considered the document and discussed possible amendments to the draft including the possibility of turning it into a Resolution for consideration by the full Legislature. Rep. Rotundo asked Ms. Bigney to e-mail the document to all commission members for further refinement and consideration before the next meeting. The commission will continue to work on the document at its next meeting.

**Rep. Rotundo – possible groundwater legislation.** Based on the recommendations of the 2010 report, *The Potential Impact of International Trade Agreements on Ground Water Withdrawal Regulations*, the commission considered the possibility of submitting legislation to the 125<sup>th</sup> Legislature. In particular, the commission discussed the feasibility of legislation that would require a foreign corporation to contractually waive its ability to seek remedial action through an international tribunal. Concerns were raised about the message such legislation might send to foreign investors/businesses and discussion ensued about limiting such a waiver to procurement

contracts. Robert Marvinney, Maine State Geologist, was present for the discussion. The commission directed staff, in consultation with the Attorney General, to draft language for consideration at the next meeting that would require procurement contracts with the state to include a provision that would waive the ability of a party to the contract to seek remedial action in a foreign forum. The commission directed that the draft language should only apply to procurement.

**Education outreach.** The commission discussed how to approach joint standing committees of the legislature regarding the opportunity to provide information about international trade agreements. Rep. Rotundo is talking to leadership about possible options and suggested that OPLA would be a good resource for informing joint standing committees about the possible impacts of international trade agreements on bills before the committees. The commission asked the Forum on Democracy and Trade to look into creating a document that could be used for such purposes.

**Public hearing.** The commission agreed to have the Calais public hearing in April because of weather concerns. The commission will try to identify a specific hearing date at the next meeting.

**Agenda items for the next meeting.** The agenda for the next meeting will include items designated for further discussion during this meeting.

**Adjournment:** The meeting adjourned at 11:20AM.