

Meeting Summary
Maine Citizen Trade Policy Commission
March 9, 2012
Room 220, Burton M. Cross State Office Building
Augusta, Maine

Members Present: Senator Sherman, Representative Maker, Senator Patrick, Representative Bernard Ayotte, Connie Jones, Harry Ricker, John Palmer, Joseph Woodbury, Mike Karagiannes (for Heather Parent, DEP), Michael Herz, Steve Cole

Staff: Lock Kiermaier (Contract)

Upon the required number of members being present to constitute a quorum, the meeting was convened by the Chairs at approximately 9:30 AM.

In the first item of the proposed agenda, Senator Sherman and Representative Maker convened the meeting and asked Commission members to introduce themselves.

Review of Legislative Resolution and letter sent to USTR regarding need for transparency, appropriate protection of state sovereignty and adequate congressional review in trade treaty negotiations

The second item on the agenda was the review of a draft resolution and a letter sent to the USTR. Both documents were approved by the CTPC during its previous meeting on February 10, 2012. Each document advocated for an improved trade negotiation process which encourages transparency and helps to preserve state sovereignty. The letter to the USTR was sent on 3/6/12 with copies provided to the Governor and members of Maine's Congressional delegation. Copies of the 3 separate letters were provided to Commission members for their review. The draft Resolution to the President and the U.S. Congress is currently winding its way through the legislative process for final approval

News articles of interest;

The third item on the agenda pertained to five articles of possible interest to the CTPC. Committee staff presented each article with a brief description of its possible relevance to the work of the CTPC:

- **Australia's opposition to inclusion of investor-state dispute settlement (ISDS) clauses in the Trans-Pacific Partnership Agreement (TPPA)**
 - *The Australian government has taken a stand against including investor-state dispute settlements (ISDS) in TPPA;*
 - *ISDS give businesses from one country the power to take international legal action against the government of another country over breaches in an international trade treaty;*
 - *The Australian government believes that ISDS could constrain its ability to make laws on social, environmental and economic issues;*

- *31 business groups in the United States have urged President Obama to oppose Australia on this issue; and*
- *The Australian Chamber of Commerce and Industry also opposed to their government's position against ISDS.*
- **TPPA discussion on new members**
 - *Negotiators are considering inclusion of Japan, Mexico and Canada in the TPPA but no conclusions or decisions are likely in the immediate future;*
 - *Meetings between US and these 3 countries are ongoing regarding the TPPA; and*
 - *Japan's interest in joining the TPPA is manifest; it is likely that Japan would have to make certain concessions on autos, agriculture and insurance before being included in the TPPA.*
- **U.S. position on footwear tariffs in TPPA**
 - *There is currently an intense debate in the US between importers of footwear and manufacturers of footwear;*
 - *Importers favor repeal of US footwear tariffs and manufacturers want them expanded in number; and*
 - *There is also controversy over importer's preference for a "tariff shift rule" which would allow assembly of imported footwear products from a non-TPPA country in a TPPA country and thus gain preferential treatment.*
- **Pharmaceutical reimbursement being negotiated in TPPA**
 - *The current US proposal for a pharmaceutical "transparency" chapter uses the evolution of previous US- Korea and US – Australia Free Trade Agreements as templates;*
 - *The author of the article maintains that the real intent is to "control the efficacy of price restraints in public health programs, not to promote transparency within them";*
 - *Direct quote from the article: "I don't know of any reimbursement (or procurement) program in the US that would give an appeal to a pharma company based on unhappiness with the price offered by a formulary. Companies can refuse to sell at the price offered. But they don't have an appeal based on the "value" of a patent, as is provided in KORUS and the US proposal for TPP." ;and*
 - *In general, states are opposed to this approach.*
- **U.S.- Vietnam Bilateral talks on goods market access**
 - *US and Vietnam are also engaged in bilateral trade talks about trade policies for footwear, textiles, apparel and pork; and*
 - *Footwear disagreements are similar to the discussion in the earlier article about footwear tariffs in the TPPA.*

Possible CTPC comment to USTR regarding proposed changes in the Rules of Origin under the Dominican Republic- Central America- United States Free Trade Agreement (CAFTA-DR) (April 17th deadline)

Regarding the next item on the agenda, the commission reviewed the possibility of submitting written comment to the USTR regarding proposed changes in the Rules of Origin under the Dominican Republic- Central America- United States Free Trade Agreement (CAFTA-DR). After a brief discussion of this topic with Representative Sharon Treat, the commission concluded that it did not have enough information to make an informed decision as to whether or not to submit any kind of written comment. It was noted that the deadline for written comments was April 17th and, should more information become available, that there would be an opportunity for the CTPC to submit a comment at its next meeting.

Opportunity for written comment to the U.S. House of Representatives, Committee on Ways and Means regarding President Obama's Trade Policy Agenda (March 15th deadline)

Next, the commission considered the opportunity to submit written comment regarding President Obama's trade policy agenda to the U.S. House Committee on Ways and Means. After a discussion, the Commission voted unanimously to accept a motion to submit written comments which were largely similar to those submitted to the USTR in a letter from the CTPC to the USTR dated March 6, 2012. As a part of that motion, the CTPC also stipulated that the letter clearly state the CTPC's strong support for the recent stance of the Australian government to oppose the inclusion of Investor-State Dispute Settlement Clauses (ISDS) in the TPPA. The CTPC then accepted a further motion by unanimous vote to send an additional letter to the USTR also supporting the action of the Australian government regarding its opposition to using ISDS clauses in the TPPA.

CTPC Assessment: TPPA

The commission then returned to its previous decision making process regarding the statutorily required biannual assessment. Previously, the CTPC had decided that this year's assessment would focus on the effect of the TPPA on Maine with regards to several specific trade policy areas by using a process which featured in-person presentations by qualified individuals with a shorter written assessment to be submitted as a final piece of the assessment.

After considerable discussion regarding a list of qualified assessment candidates the Commission accepted a motion by unanimous vote to contract with Robert Stumberg and Matthew Porterfield, both of Georgetown University, to conduct the CTPC assessment. As a part of the motion the CTPC stipulated the following:

- *Commission staff person Lock Kiermaier was authorized to negotiate the specifics of the agreement with Mr. Stumberg and Mr. Porterfield and to develop a formal contract in consultation with CTPC Chairs, Senator Sherman and Representative Maker;*
- *The CTPC has a total of \$10,000 with which to accomplish the assessment; no other funds will be available from the Legislature for this purpose;*

- *The CTPC expects a personal presentation in a public hearing format, an assessment which focuses on the likely impact of the TPPA on Maine with regards to 3 trade policy subjects: procurement, tobacco and pharmaceuticals;*
- *The CTPC also intends that the assessment to devote some analysis as to how the TPPA is likely to impact on softwood trade policy; an issue which is paramount to Maine;*
- *The CTPC anticipates that a preliminary draft of a written assessment would be submitted prior to the scheduled public hearing;*
- *while the CTPC expects a final written assessment to be submitted after the conclusion of the public hearing, it is clear that the CTPC wants a more interactive assessment process, one which features the presentation in a public hearing format with the opportunity for questions and discussion between the assessors, the CTPC and members of the Maine public. Thus, the written assessment is expected to be less lengthy than previous efforts and to function more as a summary of what transpired during the public hearing process; and*
- *The CTPC would like to have the assessment process completely concluded by the end of June 2012.*

Next CTPC meeting

As a final order of business, the commission decided upon Friday, April 13, 2012 as the date of its next meeting.

The meeting was adjourned at approximately 12:00 PM.