

Meeting Summary
Maine Citizen Trade Policy Commission
June 21, 2016
Room 208, State House
Augusta, Maine

Members Present: Senator Amy Volk, Senator John Patrick, Representative Robert Saucier, Randy Levesque, Sharon A. Treat, John Palmer, Linda Pistner, Dr. Joel Kase, Christina Zabierek

Staff: Lock Kiermaier (Contract)

CTPC Chair Representative Robert Saucier convened the meeting at approximately 1 PM.

To begin the meeting, Representative Saucier asked Commission members to introduce themselves. After the commission members had introduced themselves, staff person Lock Kiermaier referenced CTPC members to a series of documents regarding a proposed EU ban on the importation of fresh U.S. lobsters:

- The Maine Congressional delegation, Senators Collins and King and Representatives Pingree and Poliquin, sent a letter dated 3/28/16 to the Secretary of State John Kerry, USTR Michael Froman and National Oceanic and Atmospheric Administration Administrator Dr. Kathryn Sullivan stating their concerns regarding the possible EU ban on the importation of live Maine lobsters;
- Julia Frifield, Assistant Secretary for Legislative Affairs for the Department of State, responded to the Maine Congressional delegation with a letter dated 4/12/16 assuring them that the administration is well aware of this situation and is taking diplomatic action which maintains that the contemplated ban is completely unwarranted and is working to help ensure that such a ban does not take place;
- Eileen Sobeck, Assistant Administrator for Fisheries, U.S. Department of Commerce wrote a recent letter (undated) to Daniel Calleja Crespo, Director General –DG Environment of the European Commission which provided a scientific basis for disproving allegations that the *Homarus americanus* species of lobster is not invasive to European waters; and
- Ms. Sobeck also co-authored a recent letter (undated) with Tom Rosser, Senior Assistant Deputy Minister, Fisheries and Oceans Canada, to Mr. Crespo which restated the scientific basis for proving that the *Homarus americanus* species of lobster is not invasive to European waters.

After a brief review of these letters, Chris Rector, Regional Representative for Senator Angus King, briefed the commission members that not much had transpired since the exchange of these letters and that no action was likely through the summer. The CTPC members present asked that Mr. Rector keep them informed on any developments concerning this issue.

Next, the commission members received a presentation from Kate Reilly deLutio and Phil Trostel of the Margaret Chase Smith Policy Center at the University of Maine regarding their

preliminary work on the 2016 CTPC Assessment. Ms. deLutio and Professor Trostel had been commissioned by the CTPC at their April 6, 2016 meeting to conduct the CTPC 2016 Assessment on the TPP. Ms. deLutio and Professor Trostel presented a brief outline of their work which they have titled “Maine’s Economic Stake in the Trans-Pacific Partnership”; the outline included the following major sections:

1. A Guide to the Economics of Free-Trade Agreements
2. Maine’s Economy Post-NAFTA
3. About the Trans-Pacific Partnership
4. The TPP’s Estimated Impact on Maine
5. Frequently Asked Questions

After presentation of the outline, CTPC members expressed the following questions, comments and concerns:

- Are the authors asking FAQs now or will they be developed over the course of writing the report? Ms. deLutio answered that FAQs would be welcomed now from commission members or as such questions come up during the drafting of the report;
- What is the difference between “free trade” and a “free trade agreement”? The questioner emphasized the recent trend for FTAs to focus on Regulatory Coherence instead of traditional free trade topics. Ms. deLutio and Professor Trostel answered that they would be making the distinction between free trade and free trade agreements and that they would be focusing on the economic definition of free trade- not the larger issue of how FTAs are negotiated. The draft assessment will acknowledge that FTA’s are no longer primarily concerned with tariffs and quotas and will examine the current trends of much broader topics that are addressed in current FTAs;
- When examining the economic impacts of the TPP, will the authors be examining some of the many significant critiques of recent TPP evaluations? Ms. deLutio and Professor Trostel answered that they would be examining the more prominent critiques but would carefully explore the viability of the assumptions that have been used;
- Relative to NAFTA, it is hoped that the authors will identify and review the declines in Maine for the agriculture, forestry, manufacturing and fishing sectors and then tie those results to the potential impacts to the same sectors as a result of the TPP. The authors responded by clarifying that they would be examining the current state of Maine’s post-NAFTA economy without trying to prove that all subsequent changes in Maine’s economy are a result of NAFTA. When all economic circumstances are factored in, the authors doubt that changes in Maine’s economy can be conclusively linked to NAFTA. They also emphasized that because of the different economic circumstances of Maine’s current economy, the effects of the TPP will be necessarily different than those of NAFTA;
- How do FTAs affect “Fair Trade”? For example, there is often an inequity between different national policies regarding tariffs on what products are allowed to be carried by individuals over national borders. Ms. deLutio responded by saying she did not know how to define the word “fair” in that context and that that particular topic had not been addressed in their outline;

- Given the difference in scope between NAFTA (involves 3 countries) and TPP (involves 11 countries), are you planning on examining the different methods of regulating different product sectors (such as restricted fishing to ensure sustainability in the US) and how the agreement will deal with these differences? Also, in terms of “fairness”, can the TPP be evaluated regarding its effect on income inequality? Professor Trostel said that they had not planned on including a specific section on income inequality though that topic has many threads in the current discussion regarding the TPP. Ms. deLutio added that they are striving to keep the scope of the paper manageable and added that the preliminary draft is already more than 30 pages long. Ms. deLutio also stated that some of the factors affecting the first part of the question rely simply on existing trade- some of which happens with countries (such as China) with which the US does not have any trade agreement;
- In a service economy like the one we have now, both in the US and in Maine, how do we quantify winners and losers as a result of a trade agreement like the TPP? In that another question was asked immediately after this one, no response was provided by the authors;
- Will there be a discussion about the economic effects to sectors other than manufacturing? And, as a consequence of the TPP, will there be an increase in lower paying service sector jobs? Finally, what will be the effect on Maine if the TPP is not approved? Professor Trostel responded that even without NAFTA there was an undeniable trend towards a decrease in manufacturing jobs with a subsequent increase in service sector jobs and it is difficult, if not impossible to say how much of that change can be attributed to NAFTA. Ms. deLutio also mentioned that the Department of Labor is already projecting the loss of thousands of manufacturing jobs even without the TPP; and
- Is it possible, despite all the recent economic changes in Maine, that we may have an opportunity to take advantage of some of the high quality products produced in Maine to significantly increase our imports? And how do we work towards ensuring that future service jobs in Maine attain the same quality as many of our former manufacturing jobs? No answer was provided by the authors in that the Chairs seemed to draw this portion of the meeting to a close.

Next, staff person Lock Kiermaier briefly discussed the timing of the assessment by stating the following:

- The contract with the Margaret Chase Smith Policy Center stipulates that a draft of the assessment must be submitted to the commission for review and comment by September 1, 2016;
- Further, the contract stipulates that the CTPC will hold a public hearing on the draft document on September 15, 2016;
- The timing of these dates is intended to provide the CTPC with the opportunity to take a position, either pro or con, on passage of the TPO; and
- The best estimate on when the Congress will vote on the TPP is in a lame duck session after the elections in November.

Next, CTPC staff person Lock Kiermaier briefly referred to a summary of articles pertaining to some aspect of free trade agreements. The written summary and copies of the articles in their entirety can be viewed at the CTPC website:

<http://legislature.maine.gov/legis/opla/ctpcmtgmtrls40616.pdf>

Adjournment

The meeting was adjourned at approximately 3 PM.