

INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE

M E M O R A N D U M

Recommendations for Improving Federal-State Trade Policy Coordination

Submitted to the United States Trade Representative:
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Executive Summary

USTR colleagues invited IGPAC members to suggest specific ideas related to procurement policy, and federal-state trade policy coordination and capacity-building. The following recommendations are offered in response to that invitation. It is also the IGPAC's intent to make these recommendations publicly available and to discuss federal-state trade policy issues and ideas with other interested parties.

Despite insufficient information and the lack of a clear structure for federal-state trade policy consultations, the role of state decision-makers in international trade and investment agreements has increased in recent years. This development has resulted from trade liberalization efforts launched in the early 1990s, and culminating notably in the WTO Uruguay Round agreements and NAFTA. These trade agreements expanded beyond a focus on "at the border" tariffs, quotas and other measures, to "non-tariff barriers" involving government regulation, taxation, procurement and economic development policies – many of which are deployed at state and local levels. These post-1994 agreements also included enforcement provisions allowing lawsuits to challenge non-compliant federal and state measures. Hence, trade liberalization involved in existing and future agreements, dispute settlement cases and negotiations have an intensified impact on federalism and the historically established state-federal division of power and responsibility. While aware that such challenges do not directly overturn state or federal laws, the demands on state agencies' resources for legal preparation and barriers to comprehensive policy response remain significant.

Consequently, many executive, legislative and judicial branch officials at the state and local level find that there is a critical need to **broaden and deepen an informed, non-partisan trade policy dialogue** and to **ensure there is dedicated institutional capacity at all levels of government** in order to support on-going federal-state cooperation related to trade agreements' negotiation, implementation and dispute settlement. The creation in the US of a consultative federal-state trade policy infrastructure could serve to bridge the gaps between federal agencies' understanding of the varied state processes and states' understanding of the scope of federal requests - - and between federal agencies' needs and expectations, and states' capacity and willingness to engage in cooperative trade liberalization efforts. In order to ensure its effectiveness, such institutional capacity should be guided by the principles of US **constitutional federalism** and **nonpartisan independence**. This memorandum details a number IGPAC findings regarding essential elements for improving federal-state consultation and creating an effective trade policy framework.

Recommended Action for Improving Federal-State International Policy Consultation:

- **Creation of a Federal-State International Trade/Investment Policy Commission** to provide institutional structure for continuous bipartisan consultation about US federal-state trade policy.

Priority **action plan items** for the Commission include: assessing investor-state concerns; consulting on content, process and implementation related to international procurement; conducting benefit-cost analysis of federal resources and trade protections allocated to agriculture, goods, services and technology; improving trade and investment data collection and dissemination; increasing trade development collaborations and transforming trade adjustment assistance programs. A **case study** illustration of New York State's international procurement activity and the **IGPAC membership roster** are also attached to this memorandum.

In the unfortunate event of insufficient support for creating a Commission in the near term, alternatives might include creating a Federal-State Trade Policy Working Group or Task Force. Such temporary entities would have an agenda limited to urgent concerns, and might modestly improve consultation, while exploring the potential for establishing the more structured Commission preferred by IGPAC members.

Background

During the IGPAC conference call on June 28th, Chris Padilla and Christina Sevilla invited IGPAC members to suggest specific ideas related to procurement policy, and federal-state trade policy coordination and capacity-building. The following recommendations are offered in response to that invitation. IGPAC members appreciate this opportunity to comment, and welcome our future consultation with the USTR on these matters. It is also the IGPAC's intent to make these recommendations publicly available and to discuss federal-state trade policy issues and ideas with other interested parties.

Reports generated by the recently expanded Intergovernmental Policy Advisory Committee (IGPAC) in recent months have allowed IGPAC members to provide the USTR with some observations and recommendations related to improving the federal-state trade policy consultative process, in addition to commenting on specific Free Trade Agreements. IGPAC members hope that the more specific recommendations outlined below will advance progress toward our shared goal of transforming the structure for federal-state trade policy dialogue and related trade development efforts.

Rationale for Improving the Federal-State Trade Policy Framework

Today as throughout history, the benefits of trade liberalization and its short, medium and long-term costs and benefits are being debated by academics, government leaders and the general public. Our increasing and intensifying globalization is occurring ever more rapidly, with factors of production more mobile, and international interconnections more profound, than ever before. Resulting advances in technology and productivity are having a major impact on employment trends in a variety of sectors and professions. Given the disparate trade flow and international investment impacts, those communities, businesses and workers gaining from greater international market access tend to be less visible, while those challenged by global competition tend to suffer disproportionately, evoking understandable public concern and calls for greater government intervention. Some industrial and agricultural sectors facing import competition may effectively organize for protection or special treatment, while other sectors may suffer comparatively greater damage given their lack of connections and clout to gain preferential treatment. A clear indication of public concern about the negative consequences of trade is the flurry of legislative action against "offshore outsourcing" in government procurement. New legislation enacted and various bills under review by federal, state and local elected officials would seem to reverse the trend toward further liberalization of national and subnational procurement markets.

State and local governments have generally supported multilateral, regional and bilateral efforts to expand market access, both for local businesses reaching out to global markets, and for international investors engaged in the local economy and creating employment. As trade liberalization efforts progressed in recent decades, however, their coverage and scope have increasingly extended beyond the federal-level, increasing the impact on state and local-level laws, practices and regulations. Given the comparative newness of states' involvement in the content of international trade agreement negotiations, and in their implementation and dispute resolution, states often lack a clearly defined institutional structure with experienced staff dedicated to handling requests from trading partners, federal agencies and other interested parties, and for articulating the state's position on trade issues.

In addition to the legal context for trade policy, state and local governments lack sufficient information to assess the economic impact of trade and investment on their jurisdictions. At present, international trade and investment data at the state level are insufficient; and reporting on the results of trade agreements at the state/local level is scant. There is no information by state on services or merchandise imports; no detailed data on services exports and decreasing information on merchandise exports at the zip code level (given the discontinuation by the US Department of Commerce of the Exporter Location data series); and limited, delayed and highly aggregated international investment information. The challenges of assembling national, not to

mention subcentral, information on procurement contracts and merchandise and services trade render reporting on specific trade agreement results quite problematic for the US and other countries. These data gaps make it difficult to conduct an informed analysis of the specific costs or benefits of trade liberalization for a given industry or location.

Despite insufficient information and the lack of a clear structure for federal-state trade policy consultations, the dialogue has gradually intensified and the role of state policy-makers has increased, as has the involvement of other interested parties. This development has resulted primarily from trade liberalization efforts launched in the early 1990s, and culminating notably in the WTO Uruguay Round agreements and NAFTA. These trade agreements expanded beyond a focus on “at the border” tariffs, quotas and other measures, to “non-tariff barriers” involving government regulation, taxation, procurement and economic development policies – many of which are deployed at state and local levels. These post-1994 agreements also included enforcement provisions allowing lawsuits to challenge non-compliant federal and state measures. Hence, legal experts in all branches of government at the state and local level are examining the evolving impact of deepening trade liberalization on federalism, as interpretations of trade agreements during trade disputes brought by investors, trading partners and others impact the historically established state-federal division of power and responsibility (e.g. Chapter 11 of NAFTA; GATS challenges before the WTO; state withdrawals from the WTO Government Procurement Agreement). While aware that such challenges do not directly overturn state or federal laws, the demands on state agencies’ resources for legal preparation and policy response remain significant.

A number of barriers confront state officials and staff – whether procurement directors, trade directors, legislators or other officials – who may endeavor to analyze trade and investment agreements with a view to determining benefits and costs from the state perspective. Reliable, objective, unbiased information regarding the impact of trade liberalization is not readily available, nor are there sufficient state-level data for independent analysis. Many states are not aware of existing international trade and investment agreement commitments that might have been made under prior administrations, and do not have a clearly defined set of policies or positions on such international matters. This situation may be a consequence of delicate partisan politics, and of the absence of trade policy staffing, at most state and local government levels. Finally, federal resources dedicated to assist state agencies’ implementation of relevant agreements are largely nonexistent, leaving state procurement and other officials to grapple with confusing and inconsistent information. These barriers create a disincentive for state support of trade liberalization. States that participate in international trade and investment agreements, and wish to comply with commitments, face legal, political and resource challenges – while those states that refrain from participation manage to avoid such difficulties, and to still help their resident companies benefit as “free-riders” from the international market access and opportunities gained through such agreements.

Consequently, many executive, legislative and judicial branch officials at the state and local level find that there is a critical **need to broaden and deepen an informed, non-partisan trade policy dialogue** beyond the present informational, consultative context. Existing mechanisms are inadequate to this task:

- the expanded IGPAC is more energized and pro-active, but lacks staff, resources and independence;
- states’ “Single Points of Contact” provide destinations for USTR communications, but typically remain unclear as to their function, and disengaged from interactive response.

Moreover, in light of the consequences of the current context of insufficient time and resources, there is a need to **ensure there is dedicated institutional capacity at all levels of government** in order to support on-going federal-state-local cooperation related to trade agreements’ negotiation, implementation and dispute settlement. The creation in the US of a consultative federal-state trade policy infrastructure could be informed by the best practices of trading partners, such as the Canadian federal-provincial model for trade consultations (C-Trade), and would serve to bridge the gaps between federal agencies’ understanding of the varied state processes and socio-economic contexts and states’ understanding of the scope of federal requests -- and between federal agencies’ needs and expectations, and states’ capacity and willingness to engage in cooperative trade liberalization efforts.

Guiding Principles for State-Federal Trade Policy Framework:

- ❖ US constitutional federalism and public policy obligations owed by the federal government to state and local entities would involve the framework's consideration of existing state and local level regulatory, economic development and subsidy policies, and the social, economic, and environmental values those policies promote. The principle that the United States may request, but not require, states to alter their regulatory regimes in areas over which they hold constitutional authority should be maintained. Requests of the appropriate state or local authority should be made before a state or local rule, regulation, or statute is listed in a trade agreement, offer or other binding commitment.
- ❖ Nonpartisan independence is essential to the framework and to establishing its credibility and effectiveness. The new consultation process should generate informed dialogue among federal, state and local entities, and its analysis should be based on rigorous quantitative and qualitative research. Such work would then draw more attention to the national and international economic, social and governmental realities of trade and investment, thereby expanding the policy dialogue above and beyond the divisive, distorted partisan rhetoric often clouding understanding and cloaking special interests.

IGPAC Findings: Essential Elements of an Improved State-Federal Trade Policy Framework

1. **Trade policy capacity with resources relevant to state level concerns** in order to accurately inform state and local officials, trade opponents, trade proponents, and the public about the impacts of trade, procurement and investment agreements. Such trade policy capacity would include legal analysis for the balanced evaluation of trade and investment agreements' impacts on state laws, regulations and practices during all phases of policy formulation, negotiation and dispute resolution. This trade policy function should be performed in a structured, responsive manner by nonpartisan, qualified staff with expertise in international trade/investment policy and law, and should offer both general background and customized analysis, interpretation and guidance for state and local government officials. Tools for extending access to such resources and assistance could include a dedicated, interactive website and/or helpline.
2. **Information sharing between the USTR and states and trade policy dialogue among states** including more timely and frequent consultations as trade policy is being formulated, as trade controversies emerge, and as trade negotiations are being initiated, allowing sufficient time for evaluation of trade and investment agreements and for effective response to partisan attacks. Given the economic distress and employment dislocations created in certain industries and communities due to trade liberalization, and the lack of awareness of the benefits of trade and international investment in some communities, USTR informational efforts need to be more informed by state-level data analysis, with outreach that is more inclusive and public when feasible. The USTR should reconsider its reliance on states' Single Points of Contact and broaden its outreach to include multiple key state contacts. **IGPAC recommends that USTR communications and requests be sent to Governors, with copies to states' legislative leaders, attorneys general, offices of federal affairs and IGPAC members.**
3. **Improvement of trade data and analysis** based on national, state, regional and zip-code level data on merchandise and services exports and imports, on international investment flows, and on international government procurement contracts awarded to US companies. Trade data applications should use mapping technologies and other tools to better inform analysis and planning. Trade data analysis should include the comparison of state/federal trade performance against major trading partners and regions with successful trade development agencies (e.g. Canada, European Union, Japan) and evaluations of performance measures, program outcomes, and customer satisfaction at the subnational level.

4. **Assessment of the comparative costs and benefits** to the federal budget and US economy, particularly in terms of employment creation/retention and trade value, of the **allocation of resources and trade protections** to agricultural commodities, technology research and development, industrial goods, manufactured products, and services sectors. Policy revisions based on such analysis could lead to more effective and reasonable resource allocation related to trade development, technology policies and workforce adjustment programs. In addition to suggesting appropriate redistribution of a small portion of the national gains from technology and trade to dislocated workers and communities, such research might foster more domestic understanding of, and support for, investments in education and technology, and for continuing trade liberalization in the future.
5. **Discussion of international procurement from the state perspective** including: the implications of participation in, or withdrawal from, the WTO Government Procurement Agreement and relevant Free Trade Agreement provisions; policy responses to such concerns as the lack of access to Canadian provincial procurement; “free rider” non-participating US states benefiting from market access without relevant consequences; and development of international procurement assistance programs to assist US companies seeking overseas contracts.
6. **Improvement in the state/federal trade development partnership** with efforts that: prioritize support by overseas posts for state-led trade initiatives in global markets; increase cooperation in domestic trade development program delivery; increase linkage with USDA for expansion of agricultural export programs to agri-business and related non-agricultural exports; integrate Eximbank trade finance and delegated authority activities with those of states and the private sector, improving SME awareness of and access to trade financing; and learn from studies on the best practices of trade partners’ export promotion programs.
7. **Prioritization of federal support for high technology manufactured goods and services exports.** This would build on a foundation of increased federal funding for research and development in emerging sectors such as biotechnology, nanotechnology, photonics, advanced materials, and other innovative technologies. Support for high technology infrastructure, commercialization and trade, along with an educational system preparing the technology workers of the future, is crucial to the nation’s global competitiveness.

Recommended Implementation Action:

Creation of a Federal-State International Trade Policy Commission

Commission Purpose:

Establishing and fully funding a Commission would provide **institutional structure for continuous bipartisan consultation and contribution on US federal-state trade policy**. In light of the increasing state role in trade policy formulation, negotiation and dispute resolution, the Commission would facilitate federal-state-local and interstate dialogue on trade policy issues, including multilateral, regional and bilateral trade and investment negotiations and agreements. The Commission would provide the interactive framework needed by the USTR, IGPAC and key state and local decision-makers, facilitating more effective consideration of USTR communications and requests. Such policy interaction by the Commission would build upon USTR outreach to states – particularly if the states’ Single Point of Contact process were replaced by the mechanism recommended earlier (see #2 above), that USTR requests be sent to Governors, with copies to states’ legislative leaders, attorneys general, offices of federal affairs and IGPAC members. The Commission would address state and local trade policy interests in dispute settlement issues, government procurement, trade and investment agreements, negotiations and related economic, legislative and legal developments. The Commission would offer state and local officials guidance, assistance and information related to analysis and implementation of trade and investment agreements. The Commission would work to resolve state and local-level concerns and would also foster interstate dialogue on trade, procurement and investment issues with trade policy implications. Given the economic distress and employment dislocations created in certain industries and communities due to trade liberalization, the Commission’s public outreach should involve federal and state labor agencies and labor unions. Addressing the framework elements identified above, the Commission would convene meetings, conduct research and report on its findings derived from analysis of economic, social and governmental impacts of existing and proposed trade and investment agreements, and would make duly informed recommendations to federal, state and local government officials and to the public.

In summary, the roles of the Commission would be to:

- foster consultations among federal/state/local government officials on trade and investment concerns;
- be a resource for objective trade policy and trade law analysis, with expert staff and technology providing research and information;
- create reports and recommendations for consideration by federal, state and local governments.

Commission Structure:

The creation of this Commission should be informed by the best practices of major trading partners, such as the Canadian federal-provincial model for trade consultations (C-Trade) and trade policy consultation within the European Union, as well as by the federal-state structure and budgeting format of the Appalachian Regional Commission. The Commission would need:

- ❖ Bipartisan leadership, co-equal co-chairs from federal and state government, supported by qualified nonpartisan staff with trade policy and trade law expertise;
- ❖ Members drawn from federal and state officials responsible for trade policy in their respective jurisdictions, e.g. the USTR, IGPAC, TPCC federal agencies, Congress, academic experts from Centers for International Business Education and Research (CIBERs), foundations and other institutions;
- ❖ Sufficient resources and funding to develop essential institutional capacity, to ensure active consultations among members, to prepare and convey reports and to convene meetings at least quarterly;

- ❖ Liaison with national associations of legislative, executive and judicial branch officials and with national associations of state officials exercising regulatory functions, including active participation in relevant meetings and publications, with a focus on their international and economic development committees (including such organizations as: Council of State Governments; National Conference of State Legislatures; National League of Cities; National Governors Association; National Association of Attorneys General; National Center for State Courts; Conference of Chief Justices, National Association of Insurance Commissioners, National Association of State Procurement Officials, National Association of Regulatory Utility Commissioners; etc.);
- ❖ Connection to the annual National Forum on Trade Policy (started by North Carolina in December 2003 and being supported as an annual event by Centers for International Business Education and Research around the nation), engaging with Forum participants, encouraging more active state trade policy capacity-building and interaction with the Commission, and building upon relevant Forum findings.

Action Plan Suggestions for the Commission

- ❖ Assessing the impact of **investment provisions** in international agreements (e.g. NAFTA Chapter 11, WTO General Agreement on Trade in Services, Free Trade Agreements) on executive, legislative and judicial powers and regulatory functions (e.g. licensing, taxation, environmental policies, etc.) at all levels of US government. In reviewing past and current negotiation objectives and all investment tribunals' actions and rulings (interim and final) related to investor-state disputes, the Commission should ascertain:
 - the specific extent to which investment provisions in some international agreements extend greater investor rights to foreign investors than those available to US investors via US federal, state and local courts;
 - whether international agreements' investment provisions have redefined government regulation at the federal, state and local levels as "regulatory takings" of private property, subject to government compensation to owners; and
 - how such redefinition may constrain the potential for and scope of government action.

Based on such analyses, the Commission would make recommendations to IGPAC and the USTR, suggesting modifications to the process for investment-related consultation and negotiation, revisions to existing investment provision texts, procedural changes, and other guidance that would serve to bring agreements in line with established principles of US constitutional federalism and representative democracy.
- ❖ Consulting with NASPO to collect information on the impact of **international procurement agreements** (GPA, FTAs) on the state level and of state actions on such agreements, including negotiation process, implementation experience and varied state policy legislative and programmatic responses (NYS case study provided below). Following quantitative and qualitative analysis, the Commission could distribute a "white paper" report that would:
 - detail and clarify background information on agreements' provisions and implementation guidance for state procurement and trade policy officials, legislators and attorneys general;
 - develop plans for additional resources targeted to state procurement officials with front-line implementation responsibilities, such as a user-friendly website with links to: an email and telephone helpline for rapid response needs; key resource documents; explanatory charts outlining state commitments to various agreements; and details on states' varied terms, conditions and exceptions for participation; and
 - recommend improvements to negotiation and coordination processes, best practices and suggested strategies relevant to federal and state procurement policymakers.

- ❖ Conducting research to assess the **comparative costs and benefits** to the federal budget and US economy, particularly in terms of employment creation/retention and trade value, of the **allocation of resources and trade protections** to agricultural commodities, technology research and development, industrial goods, manufactured products, and services sectors. Research would also assess the trade, investment and economic impact of increasing federal funding for R&D and technology commercialization in emerging sectors such as biotechnology, nanotechnology, photonics, advanced materials, and other innovative technologies. The Commission could recommend policy revisions based on such analysis, leading to more effective and reasonable resource allocation.
- ❖ Advocating for **improved collection and dissemination of national, state, regional and zip-code level data on merchandise and services exports and imports, and on international investment flows**, deploying mapping technologies and other tools to better inform analysis and planning. Such data would make it possible for Commission researchers to conduct research relevant to assessing the state/local impact of trade and investment agreements and proposals. Commission research made possible by such data could be customized to the needs of federal, state and local government officials. Commission research could also benchmark state/federal trade performance against other major trading partners and regions with successful trade development agencies (e.g. Canada, European Union, Japan) by conducting regular evaluations of measured performance, program outcomes, and customer satisfaction at the subnational level.
- ❖ Bolstering **collaborative federal-state trade development** efforts. Federal and state agencies need to be encouraged to deepen their trade development partnership, by, as examples: prioritizing overseas posts' support for state-led trade initiatives in global markets; increasing cooperation in domestic trade development program delivery; and integrating Eximbank trade finance and delegated authority activities with those of states and the private sector, thus improving SME access to trade financing.
- ❖ Taking action to substantially **transform, expand and fully fund the Trade Adjustment Assistance** program, perhaps renamed as the "Technology" or "Workforce Adjustment Assistance" program (TAA or WAA). The Commission could conduct research on the workforce implications of technological adaptations confronting many manufacturing and services industries in an increasingly integrated and competitive global context. Research findings could suggest improvements to a Technology or Workforce Adjustment Assistance effort, with respect to scope for new initiatives, funding requirements, implementation process, programmatic flexibility for adapting to varying states' needs, and effective outreach to impacted workers, employers and communities. Such Commission work, by exploring how best to redistribute a small portion of the national gains from technology and trade growth to dislocated workers and communities, might foster more public understanding of, and support for, investments in education, research, technology, and an agenda of trade liberalization in the future.
- ❖ Emulating our nation's effective responses to natural disasters through FEMA, the Commission could explore how to best **mobilize resources for economic disasters**, through an *Economic* Federal Emergency Management Agency model. Such a mobilization of effort would concentrate varied resources and programs to assist communities coping with sudden and severe workforce contractions following plant shut-downs.
- ❖ Building on existing corporate, government, and academic **relationships of the US states abroad** as a bridge to foster cooperation and understanding in preparation for **future trade policy, trade capacity building, program development and trade agreement initiatives** and meetings, such as WTO Ministerials. The Commission could identify those state-global formal and informal international connections of greatest potential benefit to US trade policy objectives, advancing trading partners' participation in the world's trading system, and leadership in trade development and capacity building initiatives.

In the event of insufficient support for creating a Commission in the near term, temporary process options that could be explored in order to work toward establishing the Commission might include creating a Federal-State Trade Policy Working Group or Task Force. Such interim, temporary entities would have a primary agenda of advancing the Commission's creation, as preferred by IGPAC members, while also focusing on urgent trade policy concerns, and modestly improving the level of consultation. Neither the working group nor the task force option alone would be viewed by IGPAC members as achieving essential strategic objectives.

Federal-State Trade Policy Working Group Purpose:

The formation of a modestly funded and staffed Working Group could more rapidly address selected federal-state-local trade policy concerns and strengthen consultation, and would advance the potential creation of a more structured Commission. The working group would function in a manner consistent with the guiding principles and trade policy framework elements outlined above. The working group structure would focus on prioritized trade and investment negotiations and agreement matters, addressing state/local interests with respect to dispute settlements, government procurement, and related economic, legislative and legal developments. Based on the level of its resources, the working group could conduct limited public outreach and research, then provide reports on its findings on specific trade and investment policy issues, including recommendations to federal, state and local government officials. As initial topics of significant interest to IGPAC members, the working group could focus on investor-state and/or procurement issues (see action plan suggestions above).

In summary, the roles of the working group would be to:

- consult with federal/state/local government officials on specified trade and investment policy areas;
- provide trade policy and legal staff expertise to research topics of concern; and
- report back to IGPAC, federal/state/local governments and their national associations.

Working Group Structure:

The working group could be led by IGPAC membership and interested national associations, with staff and funding support derived from academic, foundation, and government grant resources.

- Chair – Designated by IGPAC membership, the chair would circulate draft work products for IGPAC approval, convene meetings, and present recommendations to USTR and other interested parties.
- Staff – The staff would conduct research and analysis, prepare draft and final reports in coordination with IGPAC membership and national associations, participate in meetings with USTR, and consult with other entities. Trade law expertise would be essential to the examination of investor-state issues from the state/local perspective.

Federal-State Trade Policy Task Force Purpose:

Similar to the Working Group concept but with a more restricted, short-term focus, the formation of a Task Force could provide a temporary mechanism to address urgent federal-state-local trade policy concerns and improve consultation on selected issues. The task force would convene to consider a given trade policy priority, consult with the USTR and others, conduct analysis and report on findings.

In summary, the roles of the task force would be to:

- consult with IGPAC members and USTR regarding prioritized trade or investment policy issue;
- provide staff expertise to research topic of concern; and
- report on findings.

Task Force Structure:

Task Force members would be drawn from interested IGPAC members, notably the staff of National Associations based in Washington DC and their trade policy and trade law resources.

- Chair – selected by IGPAC task force members, the chair would circulate a statement of the trade policy priority, convene information gathering meetings, coordinate staff work and present findings.
- Members – Task force members would staff the effort, participating in meetings, conducting research and analysis, and preparing draft and final reports in coordination with other IGPAC members.

Case Study- an Example of State Trade Policy Action:

Chronology of New York Involvement in International Procurement Negotiations

- After years of negotiations and working closely with officials of the United States Trade Representative (USTR), New York State agreed in 1993 to include its procurement in the WTO (World Trade Organization-formerly the GATT) Government Procurement Agreement, subject to detailed terms and conditions reflecting NYS interests. Given its substantial value, the inclusion of New York's procurement in this agreement was essential to USTR negotiations to gain greater procurement market access in key European and Asian government markets. New York was one of 37 states to agree to be part of the Government Procurement Agreement. Unfortunately, Canada was not able to negotiate coverage of its provinces in this agreement – a significant concern for bordering New York State.
- New York State and Québec government officials met various times from 1995 to 1998 to explore ways of improving NYS business access to Québec procurement markets. Negotiations became inactive, as Québec preferences remained unchanged.
- The visibility of procurement issues increased in the late 1990s due to the award of an "I♥NY" Travel Guide contract to Canadian printers. The beneficial result: momentum for legislative action, supported by international procurement policy interests.
- On August 30, 2000, New York Governor George Pataki signed into law a significant change in New York procurement law relevant to international trade. The State Finance Law and the Public Authorities Law were amended to expand the types of discriminatory jurisdictions to include foreign countries and provinces. The original legislation limited the definition of discriminatory jurisdictions to other US states that precluded New York companies from bidding on the given state's procurements. This statute was successful in causing several discriminatory states to withdraw their objections to bids from New York companies. By expanding the definition of discriminatory jurisdictions, the amended law was designed to remove similar procurement preference barriers imposed by other nations and their federal and/or subnational governments – notably in Ontario and Québec, Canada. The State's advocacy for the removal of international procurement barriers contributes to improving fair market conditions, trade opportunities and access for NYS businesses. Moreover, this law, supported by the USTR, places the State at the cutting-edge of international procurement negotiations, and may serve as a tool for the USTR to encourage subnational procurement trade liberalization on the part of major trading partners.
- Concerns about discriminatory preferences imposed by Québec and Ontario had made it difficult or impossible for New York firms to bid on provincial-level procurement contracts. Since Ontario and Québec continued to have procurement preferences in place, they were listed as discriminatory jurisdictions by the NYS Department of Economic Development/ Empire State Development (ESD) as of October 2000. Canadian federal and provincial officials were notified of the law's enactment and of the decision to list the provinces, and New York's ESD officials continued to consult with the USTR and with Canadian counterparts regarding impact on the State's procurement process.
- Following intensive negotiations between NYS and Ontario, Ontario removed its 10% preference on 6/14/01 and was delisted 6/19. Following this successful resolution, the New York and Ontario Economic Summit was convened by Governor Pataki and Premier Harris in Niagara Falls and Buffalo 6/25-26/01.
- ESD negotiations with Québec were intensified from June through September, 2001. Following Québec's action to implement new non-discriminatory policies giving NYS firms fair access to their procurement markets on 11/12, this Province was delisted by NYS ESD on 11/16/01. Governor Pataki and Premier Landry met on 11/29 to discuss their procurement market access success, border security issues and plans for their first Québec-New York Economic Summit, which was convened 5/21-22/02.

IGPAC Membership Roster as of July 2004

<u>Name</u>	<u>Affiliation</u>
Rep. Sheryl Allen	Utah House of Representatives
Kent Allin	National Association of State Procurement Officials
Jill Arthur	City of Santa Ana, California
Representative Daniel E. Bosley	Commonwealth of Massachusetts
Peter Bragdon	Office of the Governor/ Oregon
James A. Brooks	National League of Cities
Teresa Brown	Arkansas Attorney General's Office
Brian R. Caldwell	Office of Consumer Counsel/ Northern Mariana Islands
Liz Cleveland	Mississippi Development Authority
Carol Colombo	State of Arizona
Karen Cordry	National Association of Attorneys General
Peter S. Cunningham	North Carolina Department of Commerce
Rep. Johnny Ford	Alabama House of Representatives
Robert Hamilton	Office of the Governor/ State of Washington
Kathy M. Hill	Iowa Department of Economic Development
Judge Rebecca Jackson	Jefferson County Judge/Executive/ Louisville, Kentucky
Chief Justice Frank J. Williams	Rhode Island Judiciary
Governor Dirk Kempthorne	State of Idaho
Brian Krolicki	Treasurer, State of Nevada
Peter Owens Lehman, Esq.	South Carolina State Ports Authority
Rep. Peter Lewiss	Rhode Island House of Representatives
Tony Lorusso	Minnesota Trade Office
Cassandra Matthews	National Association of Counties
Robert R. Matthias	City of Virginia Beach, Virginia
James Mazzarella	State of New York, Office of Federal Affairs
Ron McMurray	State of Idaho
Jeremy Meadows	National Conference of State Legislatures
David Naftzger	Council of Great Lakes Governors
Mayor Meyera E. Oberndorf	City of Virginia Beach, Virginia
Senator Jose Ortiz-Daliot	Commonwealth of Puerto Rico
Veronique Pluvoise-Fenton	National League of Cities
Representative Clay Pope	State of Oklahoma
Mayor Miguel A. Pulido	City of Santa Ana, California
Lynne Ross	National Association of Attorneys General
MardiLyn Saathoff	Office of the Governor/ Oregon
Milton Segarra	Commonwealth of Puerto Rico
Ms. Hannah Shostack	Office of Legislative Services, New Jersey Legislature
Mr. Richard Van Duizend	National Center for State Courts
Governor Tom Vilsack	State of Iowa
Christopher Whatley	Council of State Governments
Kay Alison Wilkie	New York State Department of Economic Development