

Meeting Summary
Maine Citizen Trade Policy Commission
April 26, 2013
Room 214, Burton M. Cross State Office Building
Augusta, Maine

Members Present: Senator Jackson, Senator Sherman, Representative Treat, Representative McCabe, Representative Ayotte, Steve Cole, Linda Pistner, Bob Umphrey, Mike Karagiannes, Wade Merritt, John Palmer, Michael Herz, Dr. Joel Kase

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.

To begin the meeting, Senator Jackson and Representative Treat asked Commission members to introduce themselves.

In the first item of the proposed agenda, staff person Lock Kiermaier, asked CTPC members to complete a contact sheet with information that could be used as a common reference for members to contact each other.

Daniel Deveau, Maine Canadian Trade Ombudsman

In a departure from the published agenda, Representative Ayotte and Senator Sherman asked the Chairs if they could introduce Mr. Daniel Deveau, the Maine Canadian Trade Ombudsman. The Chairs welcomed Mr. Deveau to the commission meeting and asked him to engage the CTPC in an impromptu discussion.

Mr. Deveau began his remarks by referring to a recent Memorandum of Understanding (MOU) that Governor LePage had recently signed with the Premier of Quebec Pauline Marois. The purpose of the MOU was to encourage economic development and to support job creation between the State of Maine and the Province of Quebec.

Mr. Deveau explained that the MOU accomplished the following:

- Encourages Maine and Quebec to coordinate with their business communities to set up partnerships and implement economic development initiatives;
- Encourages an exchange of cross border solutions for clean energy initiatives; and
- Established that a Quebec-Maine Joint Committee will be responsible for implementing the MOU.

Mr. Deveau further explained the need for increased cooperation between Quebec and Maine by stating that:

- Total annual trade between Maine and Canada is currently valued at \$3.1 billion;

- Of the total trade value, \$2.0 billion is recognized as imports received by Maine from Canada;
- \$1.1 billion in goods are exported from Maine to Canada;
- Most of the trade with Canada occurs with the provinces of New Brunswick, Quebec and Ontario; and
- The top trade commodities include energy, lumber, tourism and seafood.

Mr. Deveau also announced that on September 8th, Governor LePage will be attending the New England Governors – Eastern Provincial Conference in Quebec where many current trade issues between Canada and the New England states will be discussed.

Mr. Deveau also discussed a recent controversial proposal from the U.S. Department of Homeland Security to impose a fee on Canadians crossing the border into the U.S. either by foot or vehicle. In the course of the discussion on this issue, members of the CTPC heard and exchanged information which suggested that the imposition of such a fee would be significantly detrimental to free flowing trade between Canada and the U.S. and would result in a deterioration of the close community relationships that currently exist between the residents of northern Maine and the bordering Canadian provinces. A motion was unanimously approved to send a letter to the Department of Homeland Security stating the CTPC’s formal opposition to such a fee. In addition, the approved motion specified that copies of the letter would be sent to members of Maine’s congressional delegation, Mr. Deveau, Governor LePage, the USTR and that Representative Treat would also circulate the letter to members of IGPAC.

CTPC members also requested that they be provided with a copy of the MOU discussed by Mr. Deveau and that Mr. Deveau’s contact information be shared with the CTPC.

PowerPoint presentation regarding the Maine International Trade Center (MITC) from CTPC Member and MITC Vice President Wade Merritt

The CTPC next received a presentation from Wade Merritt, CTPC member and MITC Vice President, regarding the MITC. Mr. Merritt began his presentation with a brief review of an introductory document about MITC which included the following information:

- The MITC was established in state law by the Legislature in 1995 *“to enhance the competitive advantage of state businesses desiring to compete in the international market. The center provides a source of leadership, coordination and a shared vision for international trade development in the State. The purpose of the center, through its cooperative public and private board, is to refine, revise and implement the State’s international strategic plan by providing and enhancing services in coordination with the economic development activities of the private sector, community and regional agencies and State Government.”* (10 MRSA §945);
- Primary activities of MITC include technical assistance and trade counseling, market research reports and trade leads, trade education programs, international and national trade shows and industry and gubernatorial trade missions;
- MITC has a strategic plan which has three elements:
 1. Building on traditional areas of focus which include food and beverage products, wood and forest products and lobster and seafood products;

2. Continuing momentum on emerging sectors which include biotechnology and medical products, renewable energy and biomass, advanced materials and aerospace; and
 3. Seeking future opportunities through new initiatives which include international student attraction, foreign direct investment and export assistance grants for small businesses;
- In 2012, MITC had 297 member companies and organizations spread throughout all of the Maine counties; and
 - In 2012, MITC had active collaborators which include:
 - Department of Economic and Community Development;
 - U.S. Department of Commerce;
 - Maine Technology Institute;
 - Maine Manufacturing Extension Partnership;
 - Maine Small Business Development Centers;
 - U.S. Small Business Administration;
 - Finance Authority of Maine;
 - Department of Agriculture;
 - Manufacturers Association of Maine;
 - Food Export USA; and
 - Softwood Export Council.

In a more expansive PowerPoint presentation, Mr. Merritt made the following points about international trade in Maine:

- Maine had \$3.2 billion in exports for 2012;
- Maine products are sold to 184 international markets;
- Maine has experienced a 24% increase in exports since 2007;
- 1,400 Maine companies are involved in exporting goods and services;
- 181,000 jobs in Maine are directly dependent on international trade;
- 24,000 Maine workers are employed by foreign companies;
- The growth in exports is a major driver to the Maine economy;
- Since 1996, Maine's number one exporting partner has been Canada, currently followed by Malaysia and China;
- Current Maine growth industries for exporting include seafood, agriculture, textiles and ship building;
- Emerging Maine growth industries for exporting include aircraft and related parts, industrial machinery including computers, and pharmaceutical products;
- According to a recent MITC study, there are three primary barriers to continued export growth:
 1. Transportation costs;
 2. Foreign market barriers; and
 3. Market research and lead generation.

At the conclusion of his PowerPoint presentation, Mr. Merritt also invited members of the CTPC to attend Maine International Trade Day which will be held on Friday, May 31st at the Marriott at Sable Oaks in South Portland.

Mr. Merritt also discussed the current MITC application to the federal Small Business Administration (SBA) for a grant to assist small Maine businesses in the costs incurred to promote the exporting of their products. Most recently, MITC used \$80,000 from the SBA competitive grants program to support 40 Maine companies to export business valued at approximately \$16 million dollars. According to Mr. Merritt, the Return on Investment from federal SBA funds provided by the State Trade and Export Program (STEP) is at a 35:1 ratio in terms of the subsequent increased volume of exports.

After discussion of the MITC application for additional funding from the SBA STEP program, the CTPC unanimously approved a motion to send a letter to the SBA supporting the MITC application.

Review of President Obama’s request for Congressional approval of “Fast Track Authority” with Regards to the TPPA

On the next item of the agenda, the commission reviewed a previous Resolution sponsored by the CTPC in 2007 in which the Legislature memorialized Congress to replace proposed legislation to replace Trade Promotion Authority, commonly referred to as “Fast Track Authority” with a method of congressional review and approval of international trade treaties in a manner which ensures that “...U.S. trade agreements are developed and implemented using a more democratic and inclusive mechanism that entails meaningful consultation by the states...”. In brief, fast Track Authority requires Congress to approve or disapprove trade agreements with an up or down vote with no opportunity to vote on individual components of any trade treaty.

The commission reviewed several recent news articles which indicated that President Obama will seek Fast Track Authority for approval of the TPPA and other near term trade treaties which will soon be negotiated. The commission also learned that Senator Max Baucus, Chair of the Senate Finance Committee, has strongly endorsed the President’s request for Fast Track authority in these instances.

After considerable discussion, the CTPC unanimously endorsed a motion to submit a similar Resolution for approval by the Legislative Council to then be submitted to the Legislature. The motion specified that the proposed resolution include the following elements:

- The need for transparency in the disclosure of what the specific provisions of any trade agreement will be;
- The need for restoring the proper constitutional role for Congress in overseeing and approving international trade agreements involving the United States;
- The importance of ensuring that small states have an equal voice in the trade agreement approval process;
- Suggesting that Congress would be well advised to consider a middle approach which incorporates the need for appropriate congressional review and approval with the practical needs of the Executive Branch to effectively negotiate exceedingly complicated and nuanced trade agreements; and

- Opposing the extension of Fast Track authority for trade agreements that have yet to be negotiated.

Review of Proposed Joint Resolution Regarding the Republic of China (Taiwan)

The commission next discussed an issue which was not on the proposed agenda. CTPC member Representative Jeff McCabe asked the commission to review a proposed Resolution which had been tabled in the House of Representatives. Representative McCabe noted that this resolution, which is titled “Joint Resolution Affirming the Friendship between the State of Maine and the Republic of China”, includes language which supports Taiwan’s inclusion in the United Nations Framework Convention on Climate Change, the United Nations International Civil Aviation Organization and the TPPA. Representative McCabe indicated his significant concerns about the appropriateness of these various endorsements and pointed out that none of these issues have been reviewed by the CTPC which is the entity created by the Legislature specifically for the review of international trade agreements.

After discussion, the CTPC unanimously endorsed a motion to send a letter to the Legislative Council indicating the commission’s significant concerns regarding the legislative approval of these endorsements which have not been properly reviewed in any detail by the CTPC or any legislative policy committee.

Date of next CTPC meeting and Adjournment

As a final agenda item, the CTPC members present agreed that the next CTPC meeting will be scheduled for Friday, May 24th from 9:30 to Noon in the Cross Office Building in Augusta. Lock Kiermaier will notify the CTPC as to the exact room location.

The meeting was adjourned at approximately 12:00 PM.