

**Public Meeting Summary
Maine Citizen Trade Policy Commission
October 2, 2019
Room 206, Cross Office Building
Augusta, ME.**

Members Present: Senator David Miramant, Senator Justin Chenette, Representative Stephen Stanley, Representative Kathleen Dillingham, Sharon A. Treat, Jorge Acero, Sean Douglas, John Palmer, John Patrick, Tom Knowlton (AG Designee)

Staff: Lock Kiermaier (Contract)

CTPC Chair Senator Dave Miramant convened the public meeting at approximately 1 PM and asked members and staff to introduce themselves.

The first presentation was a presentation via telephone made by Mr. Robert Hamilton, Governor's Advisor for Trade Policy, State of Washington. Mr. Hamilton's presentation titled "*WTO Case: United States- Certain Measures Relating to the Renewable Energy Sector*" was supplemented by a PowerPoint display and covered the following points:

- In 2016, India lodged a formal complaint with the WTO against the United States, alleging that 11 renewable energy programs administered by 8 states in the U.S. violated global trade rules which prohibit unfair subsidies provided by any sovereign entity which undercut international trade competition with artificially lower prices. In response to India's complaint, the WTO launched its dispute settlement process in 2017 by establishing a 3-person dispute panel. In June of 2019, the panel issued a report upholding parts of India's complaint and in August of 2019, the U.S. and India appealed the panel's decision which did not completely uphold all aspects of India's complaint.

The next item on the agenda was a presentation by CTPC member Sharon Anglin Treat entitled, "*Update on U.S. Trade Negotiations and Tariff Actions*". Ms. Treat's accompanying PowerPoint presentation covered the following issues:

- Updates on recent events in U.S. Trade Policy & Negotiations:
 - Current status of USMCA negotiations with House Democrats;
 - Legislation to prevent unilateral pullout from NAFTA
 - U.S.-China Trade War & other tariff disputes
- Current issues in USMCA:
 - Tariffs;
 - Rules of origin;
 - Labor;
 - Environment;
 - Access to medicines;
 - Investor-State Dispute Settlement process;
 - Labeling;

- Digital; and
- Regulatory Cooperation
- Updates on Japan-U.S. Trade Agreement:
 - Although “signed”, the text of the agreement has not been finalized;
 - The agreement has 2 main parts:
 - A reduction in agricultural and some limited industrial tariffs and a limitation on tariffs on Japanese autos;
 - A Digital Agreement based on TPP and USMCA text.
 - Neither part of the overall agreement has been sent to Congress for “fast track” approval; questions remain about the process used for this agreement
- Review of U.S.- China Trade War and the use of tariffs
 - Tariffs are taxes levied on certain imported goods and are used to:
 - Protect domestic employment from unfair competition;
 - Helping new industries succeed;
 - Address national security; and
 - Retaliation against unfair trade practices of other nations
 - Since 2018, the average retaliatory tariffs on U.S. agricultural products levied by China have increased from 20% to 24%;
 - Since 2017, U.S. agricultural exports to China have declined significantly; and
 - Since 2016, Russian agricultural exports to China have increased significantly.

The next item on the agenda was a summary of a meeting which occurred on 8/14/19. This meeting was attended by:

- Hannah A. Hudson, Legislative Correspondent, Office of Senator Susan Collins
- Representative Craig Hickman, Chair CTPC
- Senator Justin Chenette, Member CTPC
- Lock Kiermaier, CTPC Staff Person

This informal meeting was convened to discuss various free trade issues with Ms. Hudson of Senator Collins’ staff. All members of the CTPC were notified of this meeting and were encouraged to attend.

After brief introductions, Ms. Hudson was asked to broadly discuss Senator Collins’ perspective on various current trade topics:

Impact of Retaliatory Tariffs

- Senator Collins’ efforts (along with other members of Maine's Congressional Delegation) to get financial support from the current administration and the federal government for Maine's lobster industry which has been hard hit by President Trump’s imposition of tariffs with China and the subsequent loss of market share to Canada;
- Ms. Hudson referenced the CTPC’s 2018 biennial Assessment (“Turbulent Time For Trade”, authored by Debbie Barker) which highlighted the lobster tariff issue and the increasing possibility that tariffs might soon adversely affect Maine's wild blueberry and potato industries;

- Ms. Hudson also discussed the current efforts by Senator Collins to meet with federal agencies like the Department of Agriculture to advocate for the broadening of existing agricultural aid programs to include the unique circumstances of the lobster industry;
- Ms. Hudson was not optimistic that the current use of tariffs would come to an end during this administration;
- While understanding the purpose of tariffs (to deal with undesirable trade practices by China), Senator Collins does not believe that the current use of tariffs is the right approach to changing current Chinese trade policy;
- Ms. Hudson also mentioned the several pieces of legislation that are currently being considered in the Senate which would change the ways in which national security can be invoked to justify the use of certain tariffs;
- In addition, Ms. Hudson mentioned the efforts to address the technological influence of the giant Chinese technological firm Huawei as an alternative means of avoiding the use of tariffs;
- Ms. Hudson also cited the missed opportunity for the U.S. to have taken a leadership role in the TPP which would have provided a more unified international approach to unfair Chinese trade policies; and
- When asked what the CTPC's most effective tool would be to address the various tariff issues, Ms. Hudson suggested that the CTPC could most effectively seek to highlight the impact of these tariffs on Maine industry and agriculture.

Poultry Imports from China

- Ms. Hudson was asked about the Commission's interest in the issue of poultry imports from China- an issue highlighted in the 2018 Assessment. In brief, in previous meetings the CTPC has learned of a current arrangement in which slaughtered poultry is exported to China from the U.S. for processing and then exported back to United States for retail sale. The CTPC has expressed concern about public health questions surrounding the inadequate inspection process used by China for poultry processing and the seemingly unfair low retail price for unlabeled poultry processed in China. The CTPC has not been satisfied with the bureaucratic and non-substantive response from the current administration. While relatively unfamiliar with the specifics of this issue, Ms. Hudson indicated her intention to talk to officials in the USDA to find out more about this issue on behalf of Senator Collins.

United States Mexico Canada Agreement (USMCA)

- Ms. Hudson was informed by those present that the CTPC has had a number of ongoing concerns about certain issues that are common to recent free trade agreements including;
 - the lack of transparency and degree of secrecy in which these agreements are negotiated and approved;
 - the inability of Congress to amend the text of a proposed trade agreement;
 - the Investor-State Dispute Resolution (ISDS) process which allows private companies to sue sovereign governments for alleged violations of a particular trade agreement; the ISDS process makes use of a 3 person panel made up largely

of industry lawyers and does not make use of past precedent, due process or right of appeal;

- the widespread use of “harmonization” in recent trade agreements in which a “lowest common denominator” approach is used to determine appropriate levels of regulation to protect the public health and welfare;
 - the ongoing issue of “country of origin” which is centered on the ability through trade agreements to provide for the proper labeling of the origin of a particular product;
 - the relative lack of substantive responses from USTR and other governmental entities to formal CTPC letters on these subjects
- Ms. Hudson mentioned the small possibility that the USMCA would be approved this fall and, if not, it probably would not be considered in an election year; and
 - Ms. Hudson also mentioned the opportunity that the 2018 CTPC Assessment represents to Senator Collins as a means of discerning the trade issues which are deemed to be important by the CTPC

As a final item of discussion, commission members discussed future approaches that the CTPC might employ to encourage public participation and interest in the CTPC. There was considerable interest in amplifying the commission’s future outreach efforts.

The meeting was adjourned at approximately 3 PM.