

**Citizen Policy Trade Commission**  
**Summary of Testimony**  
**from Bangor Public Hearing**

**I. TESTIMONY BY TOPIC**

**Democracy Issues**

- Civil governments are taking second place to a system of corporate power and trade tribunals under CAFTA
- CAFTA will erode basic democracy and local sovereignty and control, as well as the systems of protection of our health, environment and economic security
- Trade agreements are based on the premise that most government regulations are “nontariff” barriers to trade; this creates a fundamental challenge to local and state democratic authority; Maine will not benefit from these treaties, only multinational corporations
- Trade agreements are considered Trade Promotion Authority(Fast Track) legislation that allows the President and US Trade Representatives to negotiate a trade deal and force it on Congress, unaltered, for a yes or no vote with no ability for Congress to amend it; this process limits the democratic process; public participation is limited in these circumstances
- Negotiations for trade agreements are being done without the input of citizens from here and abroad who are the ones being impacted by those agreements

**Maine Jobs/Economy**

- At 163 locations across Maine over 11,630 workers have been laid off
- Verizon Communications has been forced by the Free Trade Agreements to accept lower pay and pensions for operators hired after 1999 in order to keep the jobs in Maine
- Potential impact of trade agreements on the “Poland Spring Water Use Agreement” with the State of Maine
- Procurement rules in CAFTA undermine a state’s ability to exercise purchasing preferences to promote local economic development or the conservation of natural resources
- International trade agreements such as CAFTA, NAFTA and GATT would make it possible for global corporations to override local controls on development, zoning and planning
- Impact of job losses on care of children; families can no longer afford quality child-care for their children because of job losses due to trade agreements
- Erosion of Maine manufactured products and jobs due to cheap imports of items from other countries, including furniture (impact on forest industry in Maine)
- Free trade agreements are negatively effecting Maine’s pulp and paper industry; IP already has operations in more than 40 countries and sells its products in more than 120 nations
- Trade agreements have created nothing but stagnant incomes and rising inequality; NAFTA has been a disaster for Maine, costing the people of Maine nearly 24,000 high paying manufacturing jobs in the last 10 years; American corporation are often forced to compete with foreign corporations who are not held to the same labor or environmental standards

**Labor Issues**

- Commercial rights have more power than labor rights under CAFTA
- Entry of Canadian workers into the US as business visitors to set modular homes violates NAFTA and US immigration law. Canadian workers are going beyond status granted to them and are engaging in building or construction work that otherwise would be available to US labor force

- Maine representatives should demand the creation and enforcement of fair laws that will govern all workers under NAFTA before duplicating their mistakes with CAFTA (i.e. inequitable pay and child labor)

### **Healthcare/Pharmaceuticals**

- US-Australia Free Trade Agreement (section 2, transparency) potential impact on U.S. Medicare/Medicaid programs
- US-Australian Free Trade Agreement impact on prescription drug prices for US and Australian consumers; agreement could block the importation of less expensive drugs into the US; higher prices for drugs under the Medicaid program and VA health services
- Inclusion of test data secrecy/market exclusivity provisions in the FTA will slow the introduction of generic drugs, decrease competition, raise prices and hinder access to lifesaving medicines in the Dominican Republic-CAFTA countries (erodes countries' protections under the Douha Declaration).
- Healthcare is considered a service and can be regulated by trade agreements
- Under CAFTA, "Non-tariff barriers to trade" can be interpreted to mean that private companies can demand access to provide, for profit services; that are currently administered by the government; this provision of CAFTA could impact the Maine RX law and Dirigo Health insurance program

### **Libraries**

- Public libraries may be subject to the same market access rules as private sector businesses under trade agreements (libraries should not be considered key players in our economic system and should not be subject to market access, national treatment and most-favored nation rules)

### **CAFTA/NAFTA**

- Petition submitted to US Congress by 800 delegates representing five hundred social organizations at the Meso-American Forum on Free Trade Agreements held in San Salvador, El Salvador in July of 2004 in opposition to CAFTA because they believe it will benefit only the most wealthy and powerful in their countries at the expense of the majorities of their population
- Some of CAFTA's provisions are alarming: violation of people's democratic right to enact laws protecting their own health and safety; privatization of government services, including water supplies and fair-labor standards are not enforced
- CAFTA has been revised and no longer includes sanctions for violations of labor standards; CAFTA does not encourage countries to treat their workers better
- NAFTA Chapter 11 gives corporations the rights to sue for damages if they believe they have been hurt by the action of government; this provision challenges democracy
- CAFTA is worse than NAFTA because the definition of "investment" over which a corporation can sue is broader under CAFTA than NAFTA; tribunals can accept appeals directly from a corporation even if a country has not approved the appeal; tribunal proceedings are secret and the public can not see what decisions are made
- CAFTA/NAFTA/FTAA are organizations directly linked to the WTO; WTO is an organization designed by representatives of multinational corporations who have no allegiance to any nation and have no regards for the welfare of common local people; when laws of individual member nations came into conflict with laws of the WTO, they have to submit to the WTO, even against the will of the local people
- Petition submitted by Midcoast Maine citizens demanding that NAFTA be eliminated and that the US and member countries return to bilateral trade as it had before NAFTA was created
- CAFTA will not help the majority of people in Central America, only four groups will benefit; importers of basic grains, private owners of companies that sell electricity, telecommunications and transportation services, developers of assembly plants and banks that charge Salvadoran émigrés 25 cents on every dollar they send back home

- CAFTA prohibits numerical limits on harmful service activities, zoning restrictions based on size or density, restrictions on harmful services such as waste incineration, energy extraction or tourism

### **Environment**

- CAFTA's Chapter 17 provision dealing with protecting the environment are toothless and mostly unenforceable provisions
- CAFTA's new investment provisions give foreign corporations more rights than does NAFTA to challenge laws that protect our health and environment; multinational corporations could sue taxpayers for cash damages if they feel that environment or public health laws interfere with their profits
- Impact of trade policies on the independence of state action to experiment with ways of improving the well being of our people and environment

### **Agriculture**

- CAFTA could devastate small farmers in both the U.S. and Central America; elimination of an effective price floor would force down market prices, allowing corporate agribusinesses to sell their products at well below cost
- CAFTA would open the door to imports into the US of crops that would threaten small farmers and devastate rural Maine communities
- Free trade agreements have adversely affected Maine potato farmers; can not compete with Canadian farmers because the playing field is not level under the trade agreements; Canadian potatoes come into Maine duty free and are priced below Maine potatoes

### **General Comments**

- We need international trade and investments, but they should be governed by fair and equitable trade policy
- Trade treaties threaten to making privatizing the US Social Security system much more difficult and costly to reverse

## **II. REQUESTS MADE OF COMMISSION BY SPEAKERS**

### **Government procurement**

- What is at stake for Maine if we commit to government procurement deals in new trade agreements?

### **CAFTA/NAFTA**

- Will we the people have the power to elect and discharge the members of the trade tribunals where trade disputes will be heard?
- Which body of law will govern these tribunals?
- Do the investment rules contained in CAFTA Chapter 10 and NAFTA Chapter 11 get in the way of Maine renegotiating the terms of the Nestle water agreement?
- What will be the impact of the WTO recent ruling that US laws restricting internet gambling violate the GATTs service treaty have upon Maine's revenues generated from gambling (racinos)?
- Commission should investigate the possibility of ensuring that all measures that affect Maine's public library system are placed beyond the reach of CAFTA, proposed FTA and negotiations to expand GATTs.
- What will be the impact of CAFTA on the majority of people in Central America and who will win and who lose in Maine?
- What are the potential ramifications of trade treaties on the President Bush's social security privatization proposal?

## **Healthcare**

- Investigate and raise questions about whether Maine people really benefit by having healthcare services covered, under any specific trade agreement. If a trade agreement does not benefit Mainers, can state healthcare policies be taken out of trade agreements? If not, what other avenues of recourse exist?

## **Other**

- What are the impacts that the Andean Free Trade Agreement will have on Maine, as well as Ecuador, Columbia and Peru? Who will benefit from this trade agreement?

## **III. RECOMMENDATIONS FOR IMPROVING TRADE AGREEMENTS**

### **Democracy /Federalism Issues**

- Support Representative Michaud’s bill to repeal Trade Promotion Authority
- Oppose current investor-state dispute provisions (Ch 10 of CAFTA):
  - Governments should not be able to be sued without their consent
  - The public should be allowed to examine all records of all tribunals
  - Tribunal judges should be appointed by governments
  - Tribunals should not have authority to override the decisions of supreme courts of countries
  - Corporations should not be able to challenge non-discriminatory environmental and consumer protection laws
  - Foreign corporations should not be granted greater rights than domestic corporations
- Have an exchange of letters:
  - That clarifies ability of governments to set environmental, health etc. regulations and that these decisions cannot be challenged in a tribunal
  - That clearly and narrowly defines “tantamount to expropriation” to not include non-discriminatory environmental, health-related, or security motivated decisions by competent authorities
- USTR should keep state legislators informed about trade agreements, can use NCSL as a resource
- Negotiations of international trade agreements should be public information
- Citizens should be given the opportunity to provide input on trade agreements during negotiation

### **Procurement**

- Government procurement policies such as living wage laws, anti-sweatshop policies, “buy-local” preferences, and human rights procurement legislation must be protected
- Maine should not bind itself to government procurement rules of CAFTA

### **Labor / Economic Development**

- Preserve Maine’s ability to set zoning restrictions based on size and/ or density
- Labor rights in CAFTA should be more robust, set high international standards, not just local laws
- ILO’s Core Conventions of labor rights should be linked to trade in the way that intellectual property rights have been through TRIPS
- Labor provisions should be enforceable
- Fines of labor violations should not be capped at \$15 million
- There should be oversight of countries’ payment of fines so that the money goes to improving labor standards
- Fines that countries pay for labor violations should be paid to an international fund to relieve poverty in developing nations, not to government where violation took place
- Support right to unionize overseas

## **Agriculture**

- Maintain FDA regulations
- Price floors should not be eliminated when it forces prices below the cost to produce and hurts small farmers
- US agricultural subsidies to corporate agribusinesses should be eliminated
- Ensure Canadian compliance with NAFTA regulations re: potato importation
- Oppose US importation of sugar

## **Environment/ Natural Resources**

- There should be an exchange of letters that clarifies that Parties of NAFTA and CAFTA have the right to make environmental regulations that are necessary to protect human life and health and that this decision shall be taken by competent authorities in that country and that tribunals cannot override these regulations
- Preserve Maine's ability to set environmental regulations:
  - emissions caps and trade with lower emissions producers
  - prohibition of waste incineration
  - phasing-out of arsenic treated lumber
  - numerical limits on harmful service activities, energy extraction, and tourism
  - government purchase of recycled materials, clean cars, and electricity from alternative energy sources (biodiesel)
- Make environmental regulations of CAFTA enforceable
- Strengthen environmental provisions of CAFTA beyond simply "strengthening *capacity* to protect the environment"
- Provide funding to help Central American countries enforce environmental regulation
- Oppose privatization of drinking water (which the EU is pressuring the US to do); i.e. don't list drinking water as a service covered under GATS
- Don't prohibit people from collecting rain water for personal use
- Address the issue of invasive species of animals, insects and plants

## **Healthcare/ Pharmaceuticals**

- Intellectual property rights should not restrict ability of governments to make generic drugs available in case of public health crises
- Oppose "test data" secrecy/ pharmaceutical market exclusivity provisions in CAFTA which effectively prohibit generic competition to brand name drugs for five years
- Oppose extension of patent rights of pharmaceutical drugs to 25 years
- Make sure that trade agreements don't interfere with:
  - drug re-importation policies
  - Dirigo Health Plan
  - Maine RX
  - Medicare

## **Essential services**

- Governments should be allowed to choose which services to bid for, instead of the current policy in which they carve out certain services
- Libraries should be protected from market access rules of trade agreements even if they do charge small fees to cover basic costs

## **Modular Homes**

- Enforce NAFTA regulations at US-Canadian border to prohibit the entry of Canadian drivers as business visitors to set modular homes

### **General Suggestions**

- Vote against CAFTA
- Get rid of NAFTA
- Withdraw from WTO / support it's abolishment
- Support only bilateral trade agreements