



“The WTO, bi-lateral and multi-lateral U.S. trade agreements do not regulate corporations; rather, they seek to expand corporate rights. Therefore, states must be engaged in trade issues to protect federalism and essential state regulations.”

— Maralyn Chase, WA (D-Shoreline)

## Trade Pacts or International Pre-Emption?

Starting with the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) in the mid-90s, international “trade” agreement provisions began invading traditional state policy space — delving deeply into matters of state law.

Today, U.S. trade agreements contain numerous non-trade policy obligations and regulatory constraints to which U.S. federal, state and local governments are bound to conform their domestic policies.

These “trade” agreements are shifting an ever-increasing number of issues away from local decision-making and into inaccessible foreign venues where few citizens or elected officials can follow.



At Public Citizen’s Global Trade Watch division, we’re working with state officials nationwide to help create a new American trade policymaking process that is consistent with the principles and practice of federalism.

*Public Citizen recognizes the generous support of the Ford Foundation for facilitating our state and local program work.*

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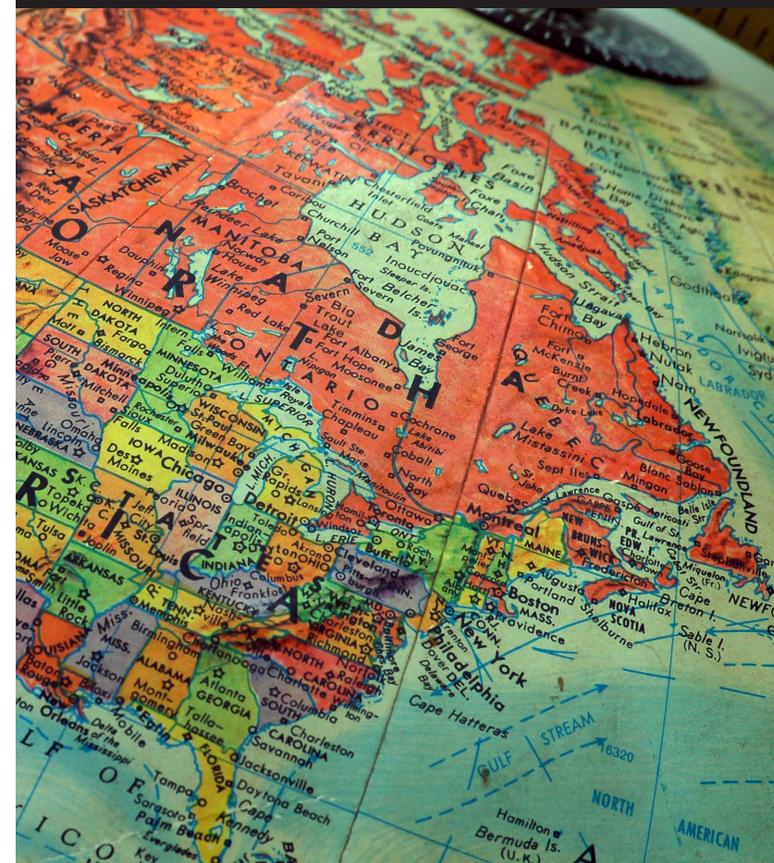
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*Public Citizen’s Global Trade Watch*

## STATE & LOCAL PROGRAM

Empowering state and local officials to obtain enhanced participation in the U.S. “trade” policymaking process.



## PROCUREMENT *A decision for states ...*

Should an international trade agreement determine how states are allowed to spend their revenues?

Common state economic development and environmental policies are prohibited by trade agreement procurement rules. Such policies include:

- >> Measures to stop the offshoring of state jobs;
- >> “Buy Local” or “Buy X State” policies;
- >> Preferences for recycled content, renewable energy, alternative fuel vehicles and more.

## INVESTMENT *A decision for states ...*

Should foreign corporations and investors have the right to privately enforce expansive new property rights and regulatory limits contained in trade pacts by directly challenging state laws in foreign tribunals?

Chapter 11 of NAFTA — and the investor-state enforcement systems of similar pacts like CAFTA and the leftover Bush NAFTA expansion deal with tax haven Panama — empower foreign firms to directly sue the U.S. over the actions of state or local governments which they claim limit their “future expected profits.” These cases are decided by World Bank or UN tribunals that are empowered to award an unlimited amount of taxpayer dollars to corporations.

## SERVICES *A decision for states ...*

Should the federal government be allowed to bind states to comply with trade pact limits on the regulation of services under states’ regulatory authority — like education, zoning and land use, health care, higher education and gambling — without state consent?

The WTO General Agreement on Trade in Services (GATS) sets strict limits on the ability of federal, state and local governments — and private agencies delegated authority for such governments — to regulate all service sectors bound to comply with the agreement.

The GATS rules include a special Financial Service Agreement that exports worldwide and locks in the radical financial service deregulation at the root of the current global economic crisis.

## Developing an Improved Process to Obtain Improved Policy

State efforts to build a more democratic, inclusive U.S. trade policymaking process have led to progress on multiple fronts:

- >> MD, RI, HI, MN, and ME have created new policymaking procedures that require a vote of the state legislature to decide whether the state will inform the federal government it will opt in to non-tariff provisions of trade pacts — such as procurement and/or investment and services.
- >> These new state policies sent a powerful message to federal lawmakers that state officials want a more open process. The 2009 Trade Reform, Accountability, Development & Employment (TRADE) Act echoes these states’ opt-in processes, allowing states to decide whether to be committed to trade pact procurement, services and investment provisions.
- >> While 39 states’ governors signed up to conform their state procurement policies to WTO rules, only eight states agreed to be bound to procurement provisions in recent free trade agreements (FTAs).

### How to Get Involved:

- >> Sign up for our quarterly newsletter. E-mail [gtwsulfederal@citizen.org](mailto:gtwsulfederal@citizen.org).
- >> Join our State Leaders Working Group! Communicate with state legislators nationwide via listserv, participate in regular informational conference calls, and more!
- >> Join NCSL’s Labor and Economic Development Committee to take part in shaping the policy positions that will be taken to Congress on behalf of the states.



“State legislators must ensure that international trade agreements do not undermine states’ rights and public policies that best serve our communities.”  
– Roy Takumi, HI

Stay informed about the latest developments in trade policy affecting state laws and policies. Contact us at (202) 454-5193 or e-mail [gtwsulfederal@citizen.org](mailto:gtwsulfederal@citizen.org)