

STATE REPRESENTATIVE
32nd DISTRICT
MARALYN CHASE

State of
Washington
House of
Representatives



ECONOMIC & COMMUNITY
DEVELOPMENT AND TRADE
CAPITAL BUDGET
SELECT COMMITTEE
ON ENVIRONMENTAL HEALTH
JOINT LEGISLATIVE OVERSIGHT
COMMITTEE ON TRADE POLICY

April 4, 2007

Via Mail and Facsimile

The Honorable Susan C. Schwab
United States Trade Representative
600 Seventeenth Street, N.W.
Washington, DC 20508

Dear Ambassador Schwab:

We write to you as Chair of the Commerce and Labor Committee of the Washington State House of Representatives and as Chair of the Joint Legislative Oversight Committee on Trade Policy of the Washington State Legislature. Our ongoing priority is to let you know that we see your work on domestic regulation under the General Agreement on Trade in Services (GATS) as vitally important to state and local governments.

In Washington State, we have been monitoring the GATS negotiations with some distress in light of the informal proposals that were circulated in February by the chairman of the negotiations. Consequently, we were happy to see your office respond with the "Outline of the U.S. Position," which put words to some of our most serious concerns. We support your position that disciplines on domestic regulation should be limited to transparency only. However, there remain a number of open questions that we would like to flag:

- The U.S. outline states that there is room for "non-operational language in the preamble" to address the concerns of countries that now support necessity tests. We encourage you to maintain your opposition to necessity tests, including operational necessity tests. The chairman's proposal to move "necessity" language into an introductory section is at best ambiguous. We fear that even a "whereas" clause on necessity will influence interpretation of other disciplines.
- The U.S. outline does not directly address language in the chairman's draft that requires domestic regulations to be "objective" or based on objective criteria. We participated in preparing the letter on this issue that was sent to USTR on June 16, 2006 by Rep. George Eskridge, chair of the state and local working group on energy and trade policy. Addressed to Carol Balassa (director of service trade negotiations on energy policy), that letter explained why an objectivity obligation would conflict with utility regulation based on broad public interest criteria. A copy of the letter is attached.

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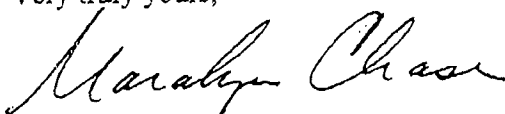
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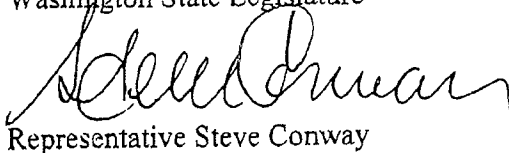
- We ask that you consult with state and local regulatory experts as well as the IGPAC Working Group on services prior to indicating U.S. support for any compromise language in the GATS negotiations on domestic regulation. To date, even the compromise proposals would be a radical departure from state regulatory practices and principles of American federalism.

Thank you for attending to our concerns. We will circulate your reply to our respective committees.

Very truly yours,



Representative Maralyn Chase
Chair, Joint Legislative Oversight Committee on Trade Policy
Washington State Legislature



Representative Steve Conway
Chair, Commerce and Labor Committee
Washington State House of Representatives

cc: Christine Bliss, AUSTR Investment and Services
Tiffany Moore, AUSTR Intergovernmental Affairs
The Honorable Christine Gregoire, Governor of the State of Washington
Rep. George Eskridge, Chair, State & Local Working Group on Energy & Trade Policy
Kay Wilkie, Chair, Intergovernmental Policy Advisory Committee
Jeremy Meadows, National Conference of State Legislatures, Staff Liaison for Trade Policy
Washington State Congressional Delegation
Joint Legislative Oversight Committee on Trade Policy
Robert Hamilton, Executive Policy Advisor, Office of the Governor of the State of
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