

Trade Policy Advisory Council Meeting

February 12, 2014

The initial meeting of the Trade Policy Advisor Council was convened by the Executive Director of the Minnesota Trade Office at 2:30 on February 12, 2014, in the JJ Hill conference room at DEED.

In attendance:

Kathleen Motzenbecker, Executive Director, Minnesota Trade Office

Sandra Renner, President, Global Resource Associates Incorporated
Chair, District Export Council

John Reynolds, Office of Representative David FitzSimmons, Minnesota House

Steve Mertens, Senior Vice President of Operations, Holaira

Erik Brand, Publisher & Director of Corporate Programs, Inter-American Dialogue

Josh Wise, Executive Director, Minnesota Fair Trade Coalition

Senator John Hoffman, Minnesota Senate

Edward Reynoso, Political Director, International Brotherhood of Teamsters, Joint Council 32

Doug Peterson, President, Minnesota Farmers Union

Kevin Paap, President, Minnesota Farm Bureau Federation

Commissioner Spencer Cronk, Minnesota Department of Administration

Ed Dieter, Deputy Director, Minnesota Trade Office

Commissioner Katie Clark Sieben, Minnesota Department of Employment & Economic Development

By phone:

Senator Jeremy Miller, Minnesota Senate

Representative Jason Metsa, Minnesota House

Janiece Watts, Market Assistant, Rootstock Wine Company

Introductions were made by the attendees in the room and on the phone. Besides name, organization and title, each member briefly described their interest in trade matters.

Before reviewing the roles and responsibilities of the TPAC, Reynoso asked that the agenda order be changed to allow election of a chair and that instead of a single chair, that co-chairs be elected. This motion was seconded and passed by acclamation. Reynoso then nominated Senator Hoffman and Representative Metsa as co-chairs. No other nominations were entered and both were elected by acclamation.

Senator Hoffman then spoke in support of balance in global trade and the committee's role to advise and assist the Governor and the legislature.

Representative Metsa briefly described his interest in international begun by working in Germany for a German company when Germany hosted the World Cup. Exporting, e.g. steel and other mining that is being considered and in permitting, affects his region in major ways.

Motzenbecker reviewed the statute defining the composition and roles of the Council.

Wise noted that his organization, The Fair Trade Coalition, brought the legislation to Senator Hoffman and Representative Metsa with the purpose not only of assessing the effects of pending negotiations and treaties, but also to assess the effects of existing treaties like NAFTA. While the legislation only requires one meeting per year, he hoped that the Council would meet more often as needed and called by the chairs.

Senator Hoffman agreed, but said that he also did not want to meet just to meet.

Reynoso agreed that there is a lot on the table. He would like to meet as time permits and as issues come up. His interests are the positive and negative effects on the state and the state's workers. He was a delegate on the South Korea mission in 2011 and saw the efforts to send our products there and create jobs here and Governor Dayton's actions in support.

Motzenbecker reviewed the background document in the packet regarding the Trans-Pacific Partnership (TPP).

Wise commented on his serious concerns about the process. Information is not available except by leaks from the U.S. Trade Representative (USTR.) And these leaks are discouraging, especially regarding investment and the environment. It seems that the U.S. is alone in backing environmental standards and with no way to enforce them. In addition, international trade agreements override U.S. and state law. While Asia is a huge market that can create jobs here, 75,000 jobs were lost to China since its accession to the World Trade Organization (WTO.) He urged that we must fundamentally change to the process and has studies he would like to email from the Center for Economic Policy and Research (CEPR) especially one reviewing a study from the Peterson Institute for International Economics that shows a decrease in wages for 98% of the workforce.

Motzenbecker acknowledged the importance of getting information.

Wise suggested that this Council could be a channel for contact with the USTR and added his concern about TPP and access to Vietnam.

Motzenbecker mentioned her familiarity with the Peterson group and its research.

Peterson spoke of his recent trip to Japan and meetings with agricultural co-ops there. In his meeting with Zenchu, they agreed on the need to defend against the ability of multi-nationals to sue for trade infractions that increase the strength of the multi-nationals at the expense of local farmers and co-ops. Also, the possibility in the negotiations that patent rights might be extended 20 years affects not only the pharmaceutical industry, important to Minnesota, but also herbicides and insecticides important to farmers. His desire is for a level playing field. Today, the U.S. pays wages of dollars per hour compared to countries that pay dollars per day. The difference in labor standards and manipulation of currencies also create unfair advantages.

Motzenbecker spoke for the Minnesota Trade Office (MTO) role to provide advice.

Reynoso raised his organization's TPP concerns. Process and transparency is lacking. If we assume that this agreement will be modeled on previous agreements like NAFTA, it will lack protections for human rights, labor standards, environmental standards, etc. National and state laws can be overruled by the WTO, e.g. states have been sued with a current action against California for violating these treaties. Along with this is a concern for Fast Track authority. NAFTA has resulted in a loss of jobs for the Minnesota and the U.S. and not had the desired results in Mexico of raising its economy and standards.

Senator Hoffman sees the role of the Council to advise and make recommendations to the Governor and legislature. The deliverables should be a report to the legislature on points of consensus and suggested legislation.

Motzenbecker agreed on the importance of a framework for reporting.

Senator Hoffman emphasized his preference for a consensus model.

Motzenbecker suggested that when consensus could not be reached, then a report on the Council's views would be informative.

Senator Hoffman agreed.

Renner said that while there may be pros and cons in the Council it should still be possible to find where there is agreement. But what would be the process for this development of views? Research? Committees?

Reynoso commented on the statistic in the TPP background document that Minnesota exported \$13 billion in goods to Asia and asked how much was imported and what was the deficit.

Mertens noted that a concern of the medical device industry for any trade agreement is clarity in medical reimbursement; otherwise, there is no market for Minnesota medical device companies.

The subject then moved to the Transatlantic Trade and Investment Partnership (TTIP.)

Wise began the discussion with an account of meeting with EU officials last fall and telling them that we would like European standards in a trade treaty. Minnesota is a high standard state compared to the rest of the U.S. But EU safety nets for workers, food safety standards, etc. are even higher. The Europeans he was meeting with were concerned about U.S. procurement laws and practices, i.e. Buy American, etc. Another issue is country of origin regulations, especially for farmers. He returned to the statement that we want to rise to their standards.

Motzenbecker reminded the Council that we cannot promise consensus on these difficult issues.

Commissioner Clark Sieben asked the Council to be mindful of the MTO's staff and time as it does its work and that the MTO had not received additional staff or funding to support the work of the Council.

Senator Hoffman suggested that there might be tools such as innovative space @ Google to share information.

Wise asked if the group would agree to receive "Reply all" emails in order to circulate information that he would like everyone to see.

Motzenbecker said that she thought it was better to avoid "Reply all" but instead implement some sort of drop box where we the members could put information to share. The Council agreed by acclamation.

Representative Metsa urged that a consensus report on the items that the Council could agree on as a whole be completed sooner than later and sent to the Governor and legislature.

Motzenbecker said that she will work with the co-chairs for next steps and then adjourned the meeting.