

n.c. legislators looking at impact of trade pacts

North Carolina House members of both political parties have voiced skepticism – even opposition – to the proposed Caribbean Area Free Trade Agreement (CAFTA) coming from the Bush administration.

The issue was discussed at the first meeting of the N.C. House Committee on Federal Relations and Trade Issues, following a presentation by Peter Cunningham, head of the International Trade Division of the state's Department of Commerce.

Following his comments to the committee, Rep. William Current, Gaston County Republican, asked Cunningham directly about the position of Commerce on CAFTA.

"North Carolina does not support CAFTA because of the significant job losses that are likely to occur with its adoption," Cunningham replied.

Rep. Nelson Cole, a Rockingham County Democrat, also insisted that CAFTA and other trade agreements negotiated in recent years do not put U.S. industries on an equal playing field.

The committee is headed by co-chairs Mark Hilton of Catawba and Phillip Frye of Mitchell, both Republicans. Frye, who presided over the first meeting, said that he asked House Speaker Jim Black why only Republicans were appointed to the committee.

Black's reply, according to Frye, was "we need people who can open doors in Washington."

Rep. Rick Glazier of Fayetteville, Democrat, also expressed concern about the impact of fast-track treaties on the N.C. economy.

In the meantime, Rep. Pryor Gibson, an influential Democrat, has introduced a bill that urging the national Committee on the Implementation of Textile Agreements to enact safeguard provisions on textile and apparel categories on the basis of threat of market disruption as petitioned by the American textile industry.

The bill has been referred to the new Federal Relations Committee and will go to the House floor if it receives a favorable report.

Hosiery and textile representatives were planning to attend the committee meeting on March 29.

impact of WTO rules changing u.s. federalism

Let's say the state of Alabama adopts a law requiring its agencies to give preference to local products – even socks – when issuing purchase orders. But a vendor from Pakistan or any other WTO country submits a bid that is lower.

If that Alabama agency – hospital or prisons department – accepts the bid from a Fort Payne, Alabama mill, it is in violation of the World Trade Organization constitution.

The Pakistan entity can file a lawsuit for which the U.S. government, the liable WTO partner, will be required to pay damages.

It has happened in California, legislators from North Carolina recently were told.

The presentation to a House Committee on Federal Relations and Trade surprised a number of lawmakers and observers. The information came from the privately-funded Forum on Democracy and Trade which insists "for the global economy's constitution it is 1789."

Translation: The WTO is writing a constitution for a new world economy which is having an impact on the federal system of the United States. "WTO rules and congressional implementing legislation for free trade agreements, shift the balance of powers under U.S. federalism," the forum allows.

State laws or procedures are superseded by federal agreements. On procurement, states can only consider bid price and performance. No other criteria are allowed. Not "buy local", not the reputation of the company, not environmental standards or labor standards.

Peter Riggs, director of the Forum, told the North Carolina legislators they can identify threats to state sovereignty and then craft safeguards for state legislative authority.

Other recommendations included close communications with the N.C. Department of Commerce, working with other states and national associations, and more communications with con-

gress and the U.S. Trade Representative's office.



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