

INTERNATIONAL TRADE BENEFITS TO VERMONT

- \$4.2 billion in exports, including agricultural products (2010)
- Additional exports of services
- 70,000 local jobs

BUT SPECIFIC PROVISIONS IN FREE TRADE AGREEMENTS CAN HARM VERMONT

- Agriculture (labeling requirements, dairy market)
- Environment (regulation of toxins, land use planning)
- Medicaid drug prices and choices
- State purchasing (“green” and “buy-local” requirements)
- Tobacco control

The Vermont Commission on International Trade & State Sovereignty was created in 2006 to:

- Assess the legal and economic impacts of trade agreements on state laws and regulations
- Provide Vermonters a forum to voice concerns regarding the impact of trade agreements
- Recommend to the Legislature, Governor, Congress and the U.S. Trade Representative how to ensure state benefits from trade without undermining state laws

on International Trade and State Sovereignty



**small
print in
free
trade
agreements
can overturn**

Vermont state

laws



*The Vermont Commission on
International Trade & State Sovereignty*

Free Trade Agreements (FTAs) regulate how goods and services are bought and sold across international borders.

- **Agriculture**

If the U.S. signs the proposed Trans-Pacific Partnership trade agreement, dairy products from other countries could become a big issue for Vermont. U.S. dairy farmers and members of Congress believe that at least one foreign dairy company could end up dominating the international market and undercut milk earnings in Vermont.

- **Environmental protection**

Foreign companies can use trade agreements to challenge state environmental laws. Under those agreements, companies can sue to recover investment losses due to a state's environmental protection laws. In one NAFTA case, a U.S. company challenged Canada's ban on the gasoline additive MMT, suspected of causing adverse health effects; Canada suspended the ban and paid \$13 million.

- **Health Care/Prescription Drugs**

State limits on health care costs can be undercut by trade agreements that require countries to "promote access" to new drugs. Until it was "clarified," this type of provision in the U.S.-Australia agreement could have barred Vermont from requiring that drugs on its Medicaid "preferred drug list" be cost-effective, causing major increases in price.

The U.S. has signed over 60 two-country (bilateral) and multi-lateral FTAs, including World Trade Organization agreements and the North American Free Trade Agreement (NAFTA).

- **State purchasing**

The State of Vermont buys things for public purposes—paper, cars, energy. Until now, the U.S. Trade Representative has consulted with state governors on whether they agree to be bound by an international treaty on government procurement; but consultation is only discretionary. Should this approach change, Vermont's "buy-local" and energy efficiency requirements could be challenged as barriers to trade.

- **Tobacco regulation**

The proposed Trans-Pacific Partnership could allow countries and companies to challenge state and federal regulation of tobacco products. The U.S. ban on clove cigarettes has already been successfully challenged in an international trade case, and tobacco control measures are the subject of suits in Uruguay and Australia.

- **Trade processes shut out states**

States do not participate in international trade negotiations. And challenges to state laws are heard in secret by tribunals of trade lawyers; the affected state has no place at the table.

For more information, go to the Vermont Commission on International Trade & State Sovereignty's website:
www.leg.state.vt/workgroups/Trade/