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## **Baldacci keeps state control over new international deals**

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AUGUSTA -- Maine will reserve the right to evaluate whether future state pacts with foreign businesses violate state labor or environmental standards.

After months of lobbying by a fair-trade coalition, Governor John Baldacci this week withdrew from a December agreement that would have opened bidding by central American and African nations on government contracts under yet-to-be-finalized trade rules.

Baldacci's decision was based on claims that such agreements would void Maine's ability to regulate the practices of companies who receive taxpayer-funded contracts.

Baldacci withdrew the state from the agreement in a letter Tuesday to U.S. Trade Representative Robert Zoellick.

"As the details of future trade agreements are developed and approach finalization, Maine looks forward to working with your office to review options ... on an agreement-by-agreement or case-by-case basis," Baldacci wrote.

The Maine Fair Trade Campaign, concerned that such agreements would gut Maine laws regulating the award of government contracts, applauded the decision after a meeting with the governor Thursday.

Had Baldacci stuck with the December agreement, Maine would have been bound to a set of rules governing the award of contracts that have not yet been worked out. Many of the details of international trade agreements with the countries in question are still being finalized, said Matt Schlobom, a campaign spokesman.

States should not grant prior authorization to government contracts under rules that, when finalized, may conflict with state law, coalition members said.

Opening up the bidding process to more foreign competition without first knowing the rules governing the agreements is "out of touch with common sense," said Bjorn Claeson, a spokesman for the trade coalition.

Several World Trade Organization and North American Free Trade Agreement nations already are privy to state contracts under previous agreements. Claeson said no one has studied the effect of the existing agreements on the ability of businesses in Maine to win state contracts.

The state recently passed legislation creating a commission to study the overall effects of foreign trade agreements on Maine's economy.

Baldacci's decision makes him one of at least five governors who have withdrawn from Zoellick's government-contracts agreement.

Proponents of opening procurement markets often stress that the practice is a two-way street -- when a state offers up its contracts to another country, its businesses have the opportunity win contracts in that nation.

The state will now review on an individual basis pending trade agreements with Morocco, the countries of the Central American Common Market, the South African Customs Union and the Free Trade Area of the Americas.

Members of the organization stressed that Baldacci may still grant access to the contracts after the details of the pending agreements are released.

"Neither in (Baldacci's) view nor our view does it constitute a retreat from international trade," Claeson said.

A Baldacci spokesman also emphasized the governor still has the option to open up the procurement market to the affected nations, despite the letter to Zoellick.

"The bottom line for us is that we're reviewing the earlier agreement with the U.S. trade representative," Lee Umphrey said. "The governor is trying to balance protecting our trade with what's in our best interest."