

**Resolution #2003-11  
FREE TRADE AREA OF THE AMERICAS AGREEMENT**

**WHEREAS,** the National League of Cities supports the goal of expanded trade and recognize the benefits of liberalized trade for local economies; and

**WHEREAS,** the United States Trade Representative (USTR) is negotiating with 34 countries in the western hemisphere to create a Free Trade Area of the Americas (FTAA) that would eliminate barriers to trade, investment and services, while creating a single set of trade rules among member countries; and

**WHEREAS,** the FTAA chapter on subsidies includes subsidy rules that potentially conflict with state or local law-making to promote economic development; and

**WHEREAS,** the FTAA investment chapter creates foreign investor rights that potentially conflict with traditional local land-use decision-making ability; and

**WHEREAS,** the risk of conflict between proposed FTAA rules on trade in services and state or local law is relatively high because over 75 percent of the economy is now in the service sector, and many services are regulated or provided by state and local governments, including programs designed to assist disadvantaged areas; and

**WHEREAS,** the risk of conflict between proposed FTAA procurement rules and state or local law is relatively high because over two-thirds of public procurement in the United States occurs at the state and local level, including programs designed to assist disadvantaged areas; and

**WHEREAS,** the traditional local authority of municipal officials to develop and implement necessary policies for their constituents must not be jeopardized by provisions of the FTAA;

**NOW, THEREFORE, BE IT RESOLVED,** that the Administration and Congress should consult with state and local officials prior to negotiating any provisions of the FTAA to ensure that trade negotiators do not undermine the scope of local governmental authority under the Constitution, while assessing the impact of a proposed agreement on state and local laws and future law-making authority, and, when necessary, providing general exceptions to safeguard local sovereignty and protect effective local programs and initiatives.