# Legislature Overrides Ehrlich on Free Trade

## Vote Halts Foreign Bids On Md. Procurement

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The Maryland legislature gave new impetus yesterday to a growing movement among politicians at the state level to reject provisions of free-trade agreements that apply to state governments.

The General Assembly yesterday joined the Senate in voting to override a veto by Gov. Robert L. Ehrlich (R) of a bill concerning Maryland's willingness to open state contracts to foreign competition. The legislature's override vote effectively rescinds a commitment Ehrlich made to allow foreign firms to compete for state business under the terms of international accords such as the Central American Free Trade Agreement.

Critics of trade pacts hailed the vote as one of the strongest signs yet that the nation's statehouses are rebelling against portions of trade agreements that lawmakers view as threatening their sovereign rights. Fueling the rebellion are fears that the trade pacts undermine states' ability to set policy in a wide range of areas, including land use and the environment. In California, for example, a bill mandating the use of recycled U.S. tires for asphalt in road construction was reluctantly vetoed by Gov. Arnold Schwarzenegger (R) on the grounds that it would discriminate against Mexican and Canadian rubber exporters in violation of NAFTA, the North American Free Trade Agreement.

The Maryland legislature's override is "the latest evidence of state officials' growing demands for accountability in international trade negotiations," said a statement by Public Citizen's Global Trade Watch, a Ralph Nader-affiliated group. It makes Maryland the first state to withdraw from a World Trade Organization pact on government procurement, the group said.

The Bush administration denounced the vote. "This is a big step backwards for Maryland, because it could result in Maryland suppliers of goods and services losing access for opportunities to bid on overseas government contracts," said Neena Moorjani, a spokesman for the U.S. trade representative's office.

At issue is an effort at the federal level by the Bush administration and its predecessors to open up the worldwide market for government contracts and procurement to businesses regardless of their nationality. Washington has long contended that foreign governments discriminate against U.S. multinational firms and fail to follow transparent procedures in the awarding of contracts.

By striking agreements that open government procurement to foreign firms, the argument goes, U.S. companies will benefit by winning a greater share of contracts abroad. But opponents contend that the accords restrict states' ability to favor local firms and set pay standards.

Under a WTO agreement, 27 member countries of the Geneva-based trade body have agreed to open their government procurement markets to one another's firms. In the 1990s, 37 U.S. states agreed to cover some of their procurement under that accord -- with the expectation that their companies could win contracts from local governments overseas.

The Bush administration sought to expand the concept in 2003, when then-U.S. Trade Representative Robert B. Zoellick asked all of the nation's governors to open some of their states' procurement to countries such as Australia, Morocco and the five nations of Central America he was negotiating free-trade pacts with.

But that move has been only partially successful. According to Moorjani, 29 governors agreed to cover their procurement under the U.S.-Australia accord; 23 agreed to do so under the Morocco deal; and 22 signed on to the Central American agreement. Congress has yet to approve CAFTA, which has been expanded to include the Dominican Republic.

Virginia has declined to cover its procurement under the new pacts, and the District was not asked, Moorjani said, because it does not have statehood status.

Under then-Gov. William Donald Schaefer (D), Maryland allowed some state procurement to be covered by the WTO agreement in 1993, and Ehrlich agreed to Zoellick's request to bind the state's procurement to the rules of the other trade deals as well. But lawmakers have now rescinded those commitments and required that future commitments be approved by the legislature.