

NACo International Economic Development Task Force: 2018 Fall Conference Call Agenda

Tuesday, November 13, 2018: 4:00PM – 5:00PM EST
Weblink: [Join Webex meeting](#) | Phone number: 1-844-740-1264
Meeting number (access code): 644 906 724
Meeting password: IEDTASKFORCE

Task Force Leadership

- Chair:** The Hon. Kathryn Starkey, Commissioner, Pasco County, Fla.
Vice Chair: The Hon. Mary Lou Berger, Commissioner, Palm Beach County, Fla.
Vice Chair: The Hon. Diane Burgis, Supervisor, Contra Costa County, Calif.
Vice Chair: The Hon. Jim Harvey, Commissioner, Weber County, Utah
Vice Chair: The Hon. Randy Maluchnik, Commissioner, Carver County, Minn.
Vice Chair: The Hon. Stephanie Wright, Councilmember, Snohomish County, Wash.

Meeting Agenda

Call to Order and Welcome – The Hon. Kathryn Starkey, Commissioner, Pasco County, Fla.

Introduction of Task Force Leadership

- *The IED Task Force Chair and Vice-Chairs will briefly introduce themselves and their counties' efforts to expand international economic activities.*
 - Chair: Hon. Kathryn Starkey, Pasco County, Fla.
 - Involved in economic development since 2008
 - Helped develop workforce training programs that follow the European apprenticeship training model
 - E.g., AmSkills – training program for manufacturing that was set up in Tampa Bay area
 - Use this program to entice foreign manufacturers who are looking to move to the U.S., since the training system is similar to the system European companies are used to.
 - Introduces international CEOs to each other and to key thought leaders in the Tampa Bay area.
 - Also take them around the county quarterly to show them all that the county is providing and to help them get more invested in the community.
 - Sits on International Government Policy Advisory Council (IGPAC)

- Vice Chair: Hon. Mary Lou Berger, Palm Beach County, Fla.
 - Has been a part of the county's business development board, which the commissioners fund, and which works with in-county businesses, in-country businesses, and international businesses.
 - Just landed a worldwide, global company – part of United Technologies. They're coming into Palm Beach County to build an intelligent building – 224,000 sq. ft. of building, 380 new jobs with an average salary of \$85k (the jobs will come in over the next 6 years, and they'll add an additional 100 jobs 3 more years after that).
 - Always on the look out for companies that want to move to the county.

- Vice Chair: Hon. Diane Burgis, Contra Costa County, Calif.
 - Part of Bay area.
 - Have one of the highest commute rates: 70% of population commutes out of the county, and they'd like to change that.
 - Have all traffic going one way in the morning and going the other way in the evening
 - A lot of goods movement and manufacturing – those economic sectors are the county's competitive advantage
 - 90% of international trade that comes into the county comes through marine transportation – they have two active deep-water ports, and numerous green terminals serving private companies.
 - Have about 16,000 manufacturing jobs in the county. About half are located near the Northern Waterfront area – an area that used to be a large manufacturing hub, but has since declined, so they're trying to bring it back.
 - Developing a strategic plan to preserve those jobs and support those jobs as businesses are trying to transition to cleaner, greener, advanced manufacturing practices.
 - Also have 17 opportunity zones county-wide, where they hope to attract investment.
 - Have work on aerospace, autonomous vehicles, drones, alternative energy, satellite service and now cannabis.
 - Seen international interest around energy technology, cannabis and agriculture.

- Vice Chair: Hon. Jim Harvey, Weber County, Utah.
 - Just north of Salt Lake City (~45 minutes) – home of Super G and curling events during winter Olympics.
 - Completed comprehensive study with local businesses
 - Strong in pharmaceutical, life science areas
 - Also strong in manufacturing
 - Have companies like AAR, which build aerospace parts for military planes
 - Peterson, Inc.

- Kimber Kable – a company that builds stereo and cable parts for audio and visual equipment.
- Aubert Sport – parent company for many sports brands and markets
- Major air force base
- Goal is to bring awareness to their county and their county’s potential, ultimately to bring jobs.
 - Have conferences to encourage this
- Really good support with outdoor recreation – skiing, trails, etc.
 - Have 2nd largest continuous paved trail going through county.
- Vice Chair: Hon. Randy Maluchnik, Carver County, Minn.
 - (Expresses his regrets at not being able to join from Puerto Rico, where he is engaged in relief work in the country).
- Vice Chair: Hon. Stephanie Wright, Snohomish County, Wash.
 - (Expresses her regrets at not being able to join due to an overlapping meeting).

The United States-Mexico-Canada Agreement (USMCA) and Counties

Speaker: John M. Melle, Assistant U.S. Trade Representative for the Western Hemisphere, Office of the U.S. Trade Representative, Executive Office of the President

- **Topic: An overview of the United States-Mexico-Canada Agreement (USMCA), how it differs from NAFTA and what county leaders should expect from the changes.**
- **USMCA Fact Sheets:** <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement#>
- **USMCA Text Online:** <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/united-states-mexico>
- **USMCA Advisory Committee Reports:** <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/advisory-committee>
- **What in USCA is new, and what has been preserved from NAFTA?**
 - Concluded agreement on Sep 30
 - Goal: rebalance and modernize NAFTA
 - Every chapter has been renegotiated and updated in 13 months
 - Two goals: update a 24-year old agreement and rebalance the agreement to better serve American workers
 - Long list of chapters of tough agreements to help American workers
 - Covered a great deal of the U.S. economy
 - All chapters are available on their website for your viewing – also have several factsheets (see links above)
 - Not everything will change

- All zero duties will remain as zero duties – all goods traded between Mexico, and most between Canada
 - Temporary entry for business people won't change
 - Dispute settlement procedures did not change
 - U.S. and Mexico will remain subject to original government procurement provisions
- Changes:
 - Auto and auto-parts trade
 - Requirement increased to 75% of auto parts made in North America (from 62.5%)
 - Requires higher wages – at least 40-45% of auto workers must be earning at least \$16/hour
 - Working with auto companies on transitions
 - Labor provisions
 - Brought labor into the main chapter
 - Require labor rights as described in International Labor Organization
 - Addresses violence against workers
 - Agriculture
 - Dairy, poultry, eggs with Canada
 - Canada has supply management system with government-set prices
 - Canada has agreed to a limit so that their products will not undercut American products
 - Addressed the quality of imported wheat to Canada
 - Best access we've achieved of dairy, poultry, egg market from Canada
 - Enhanced rules for biotechnology
 - Intellectual property (IP) chapter
 - Strong protection for IP rights to support American jobs
 - Protection for biologic drugs – 10 years of data protection
 - Rules to ensure data can be transferred across borders
 - Investor-state dispute settlement (ISDS)
 - Modernized them with respect to foreign investment
 - U.S. and Mexican investors will have access to ISDS as a last resort
 - Much narrower ISDS between U.S. and Mexico
 - ISDS will be phased out entirely between U.S. and Canada
 - Environment
 - Stronger, enforceable regulations to protect wildlife and fish, etc.
 - Chapter on state-owned enterprises (SOEs)
 - Chapter on currency manipulation with enforceable regulations
 - Chapter on transparency requirements
- What's next?
 - Reached agreement on Sep 1, so intend to sign Nov. 30 (60 days later)
 - Nov. 30 is last day in office for current Mexican Administration
 - Full support of incoming Mexican Administration, too.
 - Once we sign, U.S. will write a number of reports, including an economic analysis.

- Agreement must be approved by both houses of Congress
- Issues for Local Government
 - Thank you to IGPAC – official advisory committee that has had access to the reports
 - Will continue to consult with state and local officials
 - Trade and services, including financial services
 - U.S. states are not required to change laws to be consistent with trade agreement
 - So, if you have a law that may be inconsistent with the agreement, don't worry
 - Trade agreements underscore right to regulate by state and local governments
 - Licensing to supply a service
 - USMCA endorses good governance procedures coherent with U.S. practices (i.e., supports transparency)
 - State-owned enterprises (SOEs) chapter
 - State-owned enterprises are excluded from nearly all of the provisions, but may approve some SOEs
 - Parties will begin negotiations within 6 months and complete them in 3 years.
 - Applies only to SOEs engaged in commercial activities (oriented toward profit-making)
 - New subsidy rule prohibits egregious subsidies for SOEs
 - Began the process of negotiating this chapter to make sure services exercising a government authority were excluded, and believe that it will not impact local government-owned operations.

Speaker: Robert D. Manogue, Acting Deputy Assistant Secretary in Trade Policy and Negotiations, Bureau of Economic and Business Affairs, U.S. Department of State

- ***Topic: How county leaders can prepare for upcoming changes in trade policy due to USMCA, the recent tariffs and other trade-related changes.***
- The USMCA is all online, so you can look through everything there
- Encourages Task Force members to connect with state/regional/local United States Export Assistance Centers (USEACs)
 - Companies can go there and get advice
 - These are close to citizens
 - Would highly recommend that counties connect with these
- For farmers, USDA has state regional trade groups
 - They can direct farmers to whoever has the right information
- USMCA needs to be voted on in the Winter or Spring when Congress has time
- In the meantime, negotiating other agreements:
 - 1. European Union and the U.S. (notified Congress in October, and need to wait 90 days)
 - 2. Japan
 - 3. United Kingdom
 - 4. Africa
- These agreements are opening up enormous opportunities for companies
- Will look very similar to USMCA

Q & A

- Only a few entities meet the SOE definition owned by the U.S. federal government
 - Some others don't meet the definition because they don't engage in enough commercial activity
- Are signing USMCA under the current administration, and the President supports the agreement
 - Prohibit discrimination, prohibit backsliding, and require open markets
- Distinctive differences between USMCA and NAFTA:
 - Want to do more to encourage economic activity and trade within North America
 - Provides enforceable currency manipulation regulations
 - Recognizing the rights of state/local governments to regulate
 - New customs provisions – allow informal entry procedures for shipments up to \$2,500.
- The auto/auto-part worker payment provisions apply to workers in all three countries, too.
 - Mexico has a huge way to go (\$3.20/hour is a pretty standard maximum wage).
 - Intended to decrease wage differential and compete on innovation and efficiency, rather than on wages
- Fundamental basis:
 - Must meet U.S. standards to have your products sold in the U.S.

Closing and Announcements

- Next IED Task Force meeting will take place at ***NACo's 2019 Legislative Conference in Washington, D.C., on Sunday, March 3, 1:00pm – 2:30pm.***
 - Will focus specifically on the recent tariffs that President Trump's administration has implemented, as well as retaliatory efforts from China and other countries, and other major changes in trade policy.
 - Will gather a panel of experts from the federal government, universities and think tanks to discuss how these changes in trade policy are affecting counties and how county leaders can help prepare their residents.
 - Further details will be sent out as they are determined, so keep an eye on your inboxes!

NACo Staff Contact for IED Task Force: Jonathan Harris, Research Analyst, 202.942.4247 or jharris@naco.org

NACo International Economic Development Task Force: 2018 Fall Conference Call Speaker Bios



Mr. John M. Melle is the Assistant U.S. Trade Representative for the Western Hemisphere. Appointed in March 2011, he is responsible for developing, coordinating and implementing the United States' trade policy for the region. This includes oversight of trade agreements with Canada and Mexico, Chile, Central America and the Dominican Republic, Peru, Colombia and Panama, as well as bilateral trade issues with Brazil, Argentina and the remainder of South America and the Caribbean.

Since joining USTR in 1988, Mr. Melle has held a number of positions covering Mexico, Canada, the Caribbean and Central America and the Generalized System of Preferences (GSP) program. Mr. Melle entered Federal government service as a Presidential Management Intern and spent his first two years in government service at the Policy, Planning and Analysis Office at the U.S. Department of Energy. Mr. Melle received a B.A. in history from Haverford College and a Master of Public Policy from the University of Michigan.

Mr. Robert D. Manogue serves as the Acting Deputy Assistant Secretary in Trade Policy and Negotiations (TPN) for the U.S. Department of State's Bureau of Economic and Business Affairs. TPN works to open markets for U.S. companies and is the State Department lead on trade issues, including trade agreement implementation and negotiation, trade enforcement and the World Trade Organization, among other issues.

Previously, Mr. Manogue served in the economic sections of the U.S. Embassy in Bogota, Colombia, and Lima, Peru. He also worked on Latin America trade initiatives at the State Department, most noticeably the negotiation of free trade agreements between the U.S. and Chile, Central America, Panama, Colombia and Peru. Prior to joining the State Department, Mr. Manogue worked as an international economist at the Commerce Department. Mr. Manogue holds a B.A. from Saint Lawrence University and a M.A. from the University of Chicago.

