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Policy Position Detail

EDC-11. Governors' Principles on International Trade Policy

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11.1 Preamble

International trade increasingly has become important to stimulate U.S. economic growth and job creation. Most Governors support existing trade agreements, such as the North American Free Trade Agreement (NAFTA), the Caribbean-Basin Initiative, and structures such as the World Trade Organization (WTO) and the Asian Pacific Economic Cooperation Forum (APEC). Governors also support the creation of the Free Trade Area of the Americas (FTAA) to achieve free trade in the Western Hemisphere by 2005. The Governors believe future trade and investment agreements will continue to create jobs by opening a wide range of opportunities for businesses and agricultural producers to expand into foreign markets. As the principal job creators and export promoters in the United States, the Governors will continue to be active participants in the formulation of trade policy.

The Governors of the fifty states; the territories of American Samoa, Guam, and the Virgin Islands; and the commonwealths of the Northern Mariana Islands and Puerto Rico support the following trade policy objectives.

11.2 Expand International Trade

The United States Trade Representative (USTR) should negotiate new and expand existing trade agreements in an effort to achieve greater economic prosperity through global free trade. Most Governors support expansion of free and fair trade with our trading partners around the world with consideration given to the impacts of that trade on U.S. producers. Concurrent with its efforts to expand trade, the federal government should strengthen its commitment to workforce development programs as outlined in policy ECW-1, Governors' Principles to Ensure Workforce Excellence.

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11.3 Ensure a State and Territorial Role in Trade Agreement Negotiation and Implementation

The federal government should ensure an effective state and territorial role in the development and implementation of trade agreements and participation in relevant WTO activities. Federal agencies must work with states prior to agreement finalization to address conflicts between state laws and provisions of trade treaties. The federal government also should support an effective state and territorial role in the implementation of NAFTA, WTO, and the WTO Government Procurement Agreement (GPA); in the subsequent negotiation of future trade agreements (such as the FTAA); and in active participation in relevant WTO activities, such as determining WTO decision enforcement options. Federal agencies must work with states to address conflicts between state laws and provisions of trade treaties. Effective state and territorial participation requires adequate technical support from federal agencies.

The Governors commend the federal government and the Canadian and Mexican governments for taking steps toward resolving contentious trade issues among the United States, Canada, and Mexico. The Governors call on all three governments to continue the good-faith dialogue to implement agreements reached and to continue meeting on unresolved trade issues. Governors should not only be consulted with, but also included in, ongoing negotiations with border countries per policy section 11.9.

11.4 Promote Exports

States, territories, and the federal government play significant roles in promoting the export of U.S. goods and services into foreign markets. The federal government should coordinate with states and territories to maximize the effectiveness of federal export promotion programs. The Governors should be provided with the flexibility and discretion to target federal export assistance in a way that would best serve the needs of their individual states and territories. The Governors support federal efforts to provide support for U.S. exports of manufactured goods, services, and agricultural products, and to open new markets and expand existing markets for domestic products and services. Governors support improvements to the International Trade Data System to more accurately record and report on trade flows of goods and services at national and state levels. Specifically, Governors urge the federal government to accurately report data on services exports (by

industry and country) at the state level and to provide reliable trade statistics on merchandise and services exports and imports at the zip code level. Such information is essential to effective planning for economic development purposes. While supporting the aims of customs automation and modernization to improve the speed and efficiency of trade transactions, Governors oppose the imposition of user fees on business engaged in trade activity.

Governors strongly support federal trade development programs providing technical and global market entry assistance to small- and medium-sized U.S. firms seeking to start or expand export activity. To that end, Governors encourage the U.S. Department of Commerce to continue funding for the **Market Development Cooperator Program**, and call on all federal agencies involved in trade development to expand support for collaborative work with state and local export promotions agencies through, for example, the U.S. Department of Commerce's Export Assistance Centers and the U.S. Department of Agriculture's Food Export USA regional activities.

11.5 Improve Public Education and Workforce Training

The federal government should work with states and territories to expand citizen understanding of the importance of international trade and work with the private sector to develop lifetime educational and workforce training opportunities that prepare Americans to compete successfully in a changing global economy. Governors support federal efforts to fund programs by the USTR to assist in building the trade capacity and trade agreement compliance of developing countries and of U.S. higher education institutions to help other nations build open market economies.

11.6 The International Monetary Fund

Governors call on the federal government to fully research and analyze the resources, policy tools, and results of the International Monetary Fund (IMF) interventions in troubled economies, to evaluate IMF effectiveness and to suggest options for improvement. Governors strongly believe that IMF funds should not be used to unfairly subsidize industries in receiving nations. Therefore, the Governors support recently enacted monitoring provisions in U.S. law designed to ensure that IMF loans are used properly by recipient countries and expect this law to be vigorously enforced.

11.7 Manage Our Borders

The federal government should consult with states whenever federal legislation or agency actions impact the flow of commerce and traffic along U.S. land borders. Governors (particularly those in border states) are essential partners to the implementation of "Smart Border" improvements designed to increase the safety, security, and efficiency of border crossings to improve border safety and security by distinguishing between low risk and high risk traffic - and support the deployment of systems and staff resources to expedite the former and scrutinize the latter. With the ongoing implementation of the North American Free Trade Agreement, it is equally important for federal, state, provincial, and local governments to collaborate when providing adequate transportation infrastructure and secure processing at border crossings. Specifically, Governors call on the federal government to deploy the best possible border crossing technologies; to increase customs and immigration staffing at key border crossings for secure and effective handling of increasing volumes of commercial and tourist traffic; to create joint inspection facilities to speed the flow of low risk commercial traffic; and to otherwise create innovative transportation infrastructure and technologies to facilitate the safe, secure, and efficient flow of trade across our borders.

11.8 Reassess Trade Status with Vietnam When Conditions Are Met

The Governors urge Congress and the President to maintain normal trading relations with Vietnam. Governors believe continued trade and communication with Vietnam will help promote openness and adherence to international norms and allow for the continued movement toward an open market economy. As we continue to improve our relationship with Vietnam, it is vitally important that Vietnam fully cooperate with the United States in making the fullest possible accounting for Americans missing in action from the war in Southeast Asia.

11.9 Assist in Driver's License Reciprocity

As a service to U.S. citizens living abroad and as a way to strengthen ties between foreign countries and individual states, many states have entered into driver's license reciprocity agreements with foreign countries. Reciprocity agreements generally allow foreign drivers in the United States or American drivers abroad to be exempted from local driver's

license test requirements. Typically, these agreements are signed only after the state and foreign nations have determined that the standards and criteria for knowledge, road test, and skills training are mutually acceptable. The Governors support voluntarily negotiated driver's license reciprocity agreements and urge the U.S. Department of State to continue its efforts to assist the states in reaching such agreements.

Time limited (effective Winter Meeting 2003-Winter Meeting 2005).

Adopted Winter Meeting 1997; revised Winter Meeting 1998, Annual Meeting 1998, Winter Meeting 1999, Winter Meeting 2001, and Winter Meeting 2003.

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