

HOUSE BILL REPORT

SSB 6025

As Reported by House Committee On:
Economic Development, Agriculture & Trade

Title: An act relating to the office of the Washington state trade representative.

Brief Description: Appointing a trade policy professional to represent the office of the Washington state trade representative.

Sponsors: Senate Committee on International Trade & Economic Development (originally sponsored by Senators Shin, Kohl-Welles, Thibaudeau and Rasmussen).

Brief History:

Committee Activity:

Economic Development, Agriculture & Trade: 3/29/05, 4/1/05 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House Committee)**

- Directs the Joint Legislative Oversight Committee on Trade Policy to examine and analyze the state's structure of trade policy development and implementation, including the Office of the State Trade Representative.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, AGRICULTURE & TRADE

Majority Report: Do pass as amended. Signed by 13 members: Representatives Linville, Chair; Pettigrew, Vice Chair; Blake, Chase, Grant, Haler, Kenney, Kilmer, McCoy, Morrell, Quall, Strow and Wallace.

Minority Report: Do not pass. Signed by 6 members: Representatives Kristiansen, Ranking Minority Member; Buri, Dunn, Holmquist, Kretz and Newhouse.

Staff: Tracey Taylor (786-7196).

Background:

In 1994, Governor Lowry created the position of Special Trade Representative as part of his International Trade Initiative. The Special Trade Representative was directed to act as the state's liaison with foreign governments on trade matters and issues, work with state agencies involved in international trade, and work with the Council on International Trade. The position was funded jointly through the Washington State Department of Agriculture (WSDA) and the Department of Community, Trade and Economic Development (DCTED).

In 1995, the Legislature created the State Trade Representative (STR) in statute. In the bill that passed the Legislature, the STR was designated as the "executive and administrative head of the office of the Washington state trade representative." However, Governor Lowry vetoed the section of the bill containing this language. In his veto letter, the Governor stated: "[t]he state trade representative should not operate as a separate agency but should serve as an arm of the Governor's office...." The Legislature made no attempt to overrule the veto, and the STR continues to serve out of the Governor's office.

In 2003, the Legislature expanded and clarified the STR's duties. The new duties include working with the DCTED, the WSDA, and other appropriate state agencies to review and analyze proposed international trade agreements and the potential impact on Washington businesses. The responsibility of acting as liaison to the Legislature on matters relating to trade policy oversight was added. The STR is also directed to provide input to the United States Trade Representative (USTR) reflecting Washington's concerns in the development of international trade, commodity and direct investment policies. In addition, the STR is required to provide an annual report on his or her activities to the Governor and appropriate committees of the Legislature.

Also in 2003, the Legislature passed Substitute House Bill 1059, creating the Joint Legislative Oversight Committee on Trade Policy (JLOCTP). Created to monitor the impact of trade agreements on Washington law as well as provide a mechanism for legislators and citizens to voice their opinions and concerns about the potential impact of trade agreements, the JLOCTP is composed of four Representatives, four Senators and three ex-officio members. The STR is one of the ex-officio members of the JLOCTP. Among its many powers and duties, the JLOCTP is charged with maintaining "active communication with the Office of the State Trade Representative (OSTR), the USTR's office, Washington's congressional delegation, the National Conference of State Legislatures (NCSL), and any other bodies the committee deems appropriate..."

Summary of Amended Bill:

The JLOCTP shall examine and analyze the state's structure of trade policy development and implementation, including: whether the OSTR should be a stand-alone office outside of the Office of the Governor; and whether the policy professional appointed by the Governor to serve as the STR should be subject to Senate confirmation. The JLOCTP shall submit recommendations to the appropriate legislative standing committees by December 1, 2005.

Amended Bill Compared to Substitute Bill:

The amended bill removes the requirement that the trade policy professional appointed by the Governor to serve as the STR be confirmed by the Senate. The amended bill also removes the requirement that the STR initiate, organize and coordinate state trade missions. The reversion of funds for the STR when no STR is serving is eliminated. The amended bill directs the JLOCTP to examine and analyze the state's structure of trade policy development and

implementation and make recommendations to the appropriate standing committees of the Legislature by December 1, 2005.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: Washington is a very trade dependent state with one out of three jobs directly related to trade. We need a more active STR to expand trade activities and by subjecting the STR to Senate confirmation, the OSTR is enhanced. The reversion of the unused funds provides accountability to ensure our trade interests are being served by the appointment of a STR.

Testimony Against: This legislation is unnecessary and counterproductive. None of the Governor's policy advisors are subject to Senate confirmation, and this bill would set a new precedent. In 2001, Governor Locke placed the STR in the Executive Policy Office in order to facilitate discussions with the other policy advisors in the different issue areas. Currently, the STR works daily with the DCTED and the Washington State Department of Agriculture to provide a timely and coordinated manner in which to communicate. Finally, the STR does not plan the trade missions and this change may not have the desired effect.

Persons Testifying: (In support) Senator Shin, prime sponsor.

(Opposed) Robert Hamilton, Office of the Governor.

Persons Signed In To Testify But Not Testifying: None.