

My name is Amanda Nesheiwat. I'm the chairperson of the Town of Secaucus' environmental committee and am speaking on the committee's behalf today. I'm also joined today by Mayor Michael Gonnelli, who was a founding member of our town's environmental committee.

I'd first like to discuss the Korea FTA's Environment Chapter, Chapter 20. To its credit, the text of chapter 20 of the Korea FTA calls on both parties to enforce environmental laws at the national level and to observe listed multilateral environmental agreements. And, provision is made for state-to-state dispute resolution to enforce these obligations.

However, the trade agreement provides limited coverage for sub-national measures. Strictly state and local environmental regulations are exempt from chapter 20 coverage, limiting its efficacy.

Many environmental regulations dealing with water, as one illustration, are strictly state and local policies. They would be unprotected by chapter 20, even though water policy issues are frequent topics of international trade or investment litigation.

Typical of such frequently litigated cases is *Metalclad v. Mexico*, where a North American Free Trade Agreement tribunal found Mexican state and local governments in violation of the investment chapter for shutting down a hazardous waste facility believed to pollute the local source of drinking water.

There are also real questions about enforcement. It is unclear whether, as a consequence of chapter 20 obligations, the U.S. or Korea would choose to more effectively enforce its own laws or invoke state-to-state dispute mechanisms to ensure the other party's compliance. For example, the environmental chapter in the U.S.-Peru FTA has a similar provision. Nonetheless, loggers have been harvesting mahogany from land occupied by uncontacted indigenous tribes in the Peruvian Amazon region,

Additionally, the trade agreement's procurement rules jeopardize our democratically-determined federal and state procurement policies. This means that policies designed to promote clean energy use and reward environmentally-sustainable companies would be vulnerable to challenge in international trade tribunals, even if those policies were developed at the state and local levels.

Finally, we believe FTA's side agreement on autos is a threat to fuel economy & greenhouse gas policies. Korea's current fuel economy standards are an effective tool for reducing oil consumption and greenhouse gas emissions. Given the current volume of U.S. auto exports to Korea, the side agreement would exempt nearly all US auto exports from these rigorous Korean measures. Between 2012 and 2015, U.S. automakers would be allowed to sell up to 4500 cars to Korea that meet fuel economy standards that are 19% less stringent than Korean standards.

The side agreement on auto fuel standards is a reversal of the longstanding U.S. position that private corporations should bear the consequences of their decisions to export less fuel efficient vehicles. In 1994, the European Union challenged U.S. Corporate Average Fuel Economy (CAFE) standards at the World Trade Organization (WTO), arguing that CAFE was discriminatory. The U.S. strongly rebutted these claims, at the time, in defense of its own regulations. This is a clear and troubling example of a trade agreement leading the country with stronger environmental standards to weaken them instead of the country with weaker environmental standards strengthening them

In conclusion, when considered as a whole, the Korea FTA would weaken environmental regulation. It is based on the flawed model of NAFTA and includes provisions, most notably the investment chapter and the side agreement on autos, that undermine environmental and climate protections. For all of these reasons, the Environmental Committee of the Town of Secaucus urges Representative Rothman to vote against this environmentally destructive trade agreement.