



**EDISON ELECTRIC
INSTITUTE**

**701 Pennsylvania Avenue, NW
Washington, DC 20004 - USA**

April 26, 2007

The Honorable Susan C. Schwab
United States Trade Representative
Executive Office of the President
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Schwab:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6) on the U.S. - Korea Free Trade Agreement, reflecting consensus advisory opinion(s) on the proposed Agreement.

Sincerely,

Chairman
Industry Trade Advisory Committee on
Energy and Energy Services (ITAC 6)

The U.S. – Korea Free Trade Agreement (FTA)

**Report of the
Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6)**

April 2007

April 25, 2007

Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6)

Advisory Committee Report to the President, the Congress, and the United States Trade Representative (USTR) on the U.S. – Korea Free Trade Agreement

I. Purpose of the Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6) Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the USTR, and Congress with reports required under Section 135 (e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, ITAC 6 hereby submits the following report.

II. Executive Summary of the Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6) Report

ITAC 6 has reviewed the U.S. -Korea Free Trade Agreement and our members agree that it will lead to improvements in the trade relationship between Korea and the United States.

On investment provisions and, more specifically, investor-state dispute resolution and the ability to use international arbitration, we are pleased that the U.S. – Korea Free Trade Agreement text explicitly recognizes that the provisions of the existing agreements will remain in effect.

III. Brief Description of the Mandate of the Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6)

ITAC 6 provides detailed policy and technical advice, information, and recommendations to the Secretary of Commerce and the USTR regarding trade barriers and the implementation of trade agreements negotiated under Sections 101 and 102 of the Trade Act of 1974, as amended, and Sections 1102 and 1103 of the 1988 Trade Act. ITAC 6 also performs such other advisory functions relevant to U.S. trade policy as may be requested by the Secretary and the USTR or their designees.

IV. Negotiating Objectives and Priorities of the Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6)

With respect to the chapter relating to investment, we concur with the inclusion of the investor-state settlement mechanism in the Korea FTA. However, we would prefer that no exceptions at all be taken to this section and that the language more closely reflect the original language in the “model” BIT. We believe that such exceptions result in a confusing and inconsistent policy which could influence future agreements.

V. Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6) Opinion on Agreement

Against a background of serious concern by ITAC 6 regarding erosion of investor protections in other free trade agreements, the U.S. - Korea FTA and overall investment agreement approach appear to be a significant improvement.

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