

**March 17, 2004**

**The Honorable Robert B. Zoellick  
United States Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508**

**Dear Ambassador Zoellick:**

**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 Sector Advisory Committee on Energy for Trade Policy Matters (ISAC 6) on the U.S. – Central America Free Trade Agreement, reflecting consensus advisory opinion(s) on the proposed Agreement.**

**Sincerely,**

**(Original Signed)**

**Raymond Bragg, Jr.**

**Chairman**

**Committee on Energy for Trade  
Policy Matters (ISAC 6)**

**Industry Sector Advisory**

**The U.S. – Central America Free Trade Agreement (FTA)**

**Report of the  
Industry Sector Advisory Committee on Energy for Trade Policy Matters (ISAC 6)  
March 2004**

**Industry Sector Advisory Committee on Energy for Trade Policy Matters (ISAC 6)**

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

**I. Purpose of the Industry Sector Advisory Committee on Energy for Trade Policy Matters 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, ISAC 6 hereby submits the following report.

**Executive Summary of the Industry Sector Advisory Committee on Energy for Trade Policy Matters Report**

ISAC 6 has reviewed the U.S. -Central America Free Trade agreement and our members agree that it will lead to improvements in the trade relationship between Central America and the United States.

ISAC 6 does note, however, the numerous provisions in the various Annexes that either require concessions, reserve to the nations or otherwise impede and restrict United States investors and participation in various energy sectors and activities. These include restrictions on the transmission, distribution, trade and generation of electricity; the exploration and mining of ores; and hydrocarbon exploration, production, transportation and distribution.

These reservations should be the subject of future discussion for the purpose of further liberalizing the national treatment and investment provisions and should not be considered appropriate as precedent for any future trade agreements.

### **III. Brief Description of the Mandate of the Industry Sector Advisory Committee on Energy for Trade Policy Matters**

ISAC 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. ISAC 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 Sector Advisory Committee on Energy for Trade Policy Matters**

Key areas of the negotiated agreement of interest to ISAC 6 members include:

- Market Access
- National Treatment for Investment
- Various Reservations in the Annexes

### **V. Industry Sector Advisory Committee on Energy for Trade Policy Matters Opinion on Agreement**

ISAC 6 hereby expresses disappointment and concern regarding the significant concessions by the USTR to various Central American countries regarding national treatment and other restrictive reservations of significance to various industries in the energy sector.

This not only disadvantages U. S. interests in these specific countries, but also holds the potential for compromising future bilateral, regional, and multilateral agreements to the detriment of U.S. energy business interests. These reservations should be the subject of future discussions and in any event should not be viewed as a precedent for any future trade agreements.

**VI. Membership of Committee**

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