REPORT

DATE: January 5, 2006

TO: Transportation & Communications Committee
Regional Council

FROM: Nancy Pfeffer, Sr. Regional Planner, 213-236-1869, pfeffer@scag.ca.gov

SUBJECT: Regional Comment on Federal Trade Agreement with Thailand

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Approve comment for submittal to the Office of the U.S. Trade Representative.

SUMMARY:
The Office of the U.S. Trade Representative is seeking comment on the Interim Environmental Review of a proposed United States-Thailand Free Trade Agreement (FTA). SCAG has prepared consensus comments on the FTA conveying the region's concerns that federal trade policy has created enormous, uncompensated localized burdens in Southern California due to the growth in goods movement.

BACKGROUND:
Federal law and policy require environmental reviews of trade agreements. The proposed trade agreement with Thailand will probably have a small impact on overall U.S. maritime and land-side goods movement. However, according to the Interim Environmental Review itself (Annex VII, Data Tables), the Los Angeles Customs District handles the single largest share of U.S. trade with Thailand (32.4% of imports and 29.7% of exports in 2004, by customs value) when compared with all other U.S. customs districts. It is clear that any increase in trade facilitated by this agreement will add to a huge cumulative local impact on Southern California.

The consideration of the environmental impacts of this FTA provides the region an opportunity to express formally to the federal government our concern about the local impacts of national and international trade. Our comments describe the ways in which the federal government can assist state, regional, and local authorities to address these impacts.

An outline and draft text of the comments are attached. The interim environmental review may be viewed at http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Thail_FTA/asset_upload_file463_8410.pdf. Comments are due to the Trade Representative on Friday, January 6, 2006.

FISCAL IMPACT:
Submittal of these comments will have no fiscal impact on SCAG.

#117056 v1 - Regional Comment on Federal Trade Agreement

Outline and Draft Text for Proposed Southern California Comments on Interim Environmental Review of U.S.-Thailand Free Trade Agreement (FTA)

I. Introduction and Background

- We appreciate the opportunity to comment
- Past federal agreements on international trade have caused tremendous localized environmental and public health impacts in our region.
- This is true for both marine and landside modes of cargo transportation.
- While trade volume with Thailand is small, the added trade will contribute to a cumulative impact that is enormous. The top bullet item on Page ii of the Executive Summary states that "the United States-Thailand FTA is not expected to have a negative impact on the ability of U.S. government authorities to enforce or maintain U.S. environmental laws or regulations." We disagree. The additional emissions burden from increased Thai trade, however small, will move Southern California even farther away from attainment of health-based ambient air quality standards.
- In economic terms, these impacts are externalities: no party to the trade transactions pays the cost of mitigation.

II. The Localized Impacts of International Trade

A. Public Health Impacts

- Details on emissions from vessels, locomotives, trucks
- Cite health studies on public impacts (USC/UCLA, etc.)
- Discuss jurisdictional limitations – especially the difficulty in regulating ship emissions, which this agreement will likely increase through encouragement of ship traffic
- The bullet item on Page i of the Executive Summary says that "the likelihood and magnitude of [localized environmental] effects and increased risks, while difficult to quantify, appear to be small." While the magnitude may indeed be small, we disagree that the likelihood is small – in fact, increased impacts are all but assured unless certain actions are taken.

B. Quality-of-Life Impacts

- Cite community impacts (noise, light, blight, vibration, restricted outdoor activity, etc.)
- Environmental justice issues

C. Infrastructure Impacts

- Cite extensive impacts of truck travel on freeway congestion and damage to infrastructure
- Southern California's highway capacity is funded more and more from local sources, but is used to benefit the interstate commerce with only limited local benefits

III. Federal Cooperation to Solve the Problem

- Our goal is not to discourage the development of trade agreements in general or this one in particular, but to highlight the need for federal assistance in resolving the issues of goods movement in Southern California
- These local impacts are a direct result of past federal trade policy. Hence it is a federal responsibility to help state, regional, and local governments to address these impacts. To facilitate this cooperation, a separate but related effort is underway to develop a Memorandum of Understanding among these parties outlining their respective roles in resolving the issues.

A. Areas of Federal Support

1. Improvement of the NEPA framework and review process;

2. Legislative support of the funding capability for public-private partnership investment;

3. Aggressive action to control sources under federal control;

4. Senate ratification of MARPOL Annex VI and establishment of North American SECA;

5. Legislative support needed for the implementation of user fees.

B. Additional Considerations

1. This agreement offers an opportunity to insist on more aggressive vessel standards (e.g., alternative fuels, alternative-maritime-power-enabled vessels, vessel speed reduction, etc.)