

Congress of the United States

House of Representatives

Washington, D.C. 20515

June 28, 2005

CAFTA Will Weaken Health, Safety, and Environmental Laws

Dear Colleague:

As we prepare to consider the Central American Free Trade Agreement (CAFTA), we are writing to draw your attention to the impact that the agreement's investment rules could have on laws that protect our health, environment, and natural resources. We are extremely concerned about the ability of CAFTA's investment rules to undermine these laws, which fall within the jurisdiction of our committees.

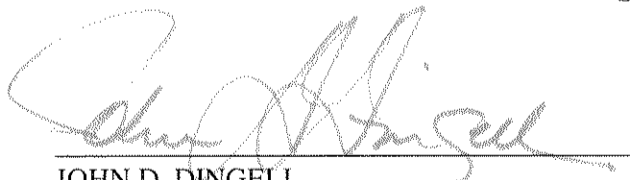
CAFTA contains investment rules similar to those in Chapter 11 of NAFTA, that give foreign corporations broad rights that do not exist under U.S. law, allowing them to challenge environmental laws and regulations before international tribunals while bypassing domestic courts. Mexico and Canada have lost Chapter 11 challenges to environmental laws and the U.S. has spent millions defending itself against claims totaling more than \$1 billion.

Companies have used NAFTA to sue for compensation over a wide range of public interest laws and regulations. A Canadian company has challenged California's phaseout of the gasoline additive MTBE, a toxic chemical banned by 21 other States. Another company has sued for compensation over the Department of Interior's denial of a permit for a harmful gold mine in California and the State's subsequent enactment of a law to regulate mining practices. Recently, Canadian cattlemen have sued the U.S. in response to the decision by the Department of Agriculture to protect consumers from mad cow disease by closing the border to beef imports.

The investor rules of CAFTA could similarly undermine hard-won environmental, health, and safety protections that are critical to our country's well-being. Worse, CAFTA goes beyond NAFTA in allowing foreign investors to challenge any aspect of government decisions about natural resource agreements. As a result, companies could sue for compensation over royalty requirements, permit denials and approvals, and other decisions about Federal oil, gas, timber, and mineral leases.

Trade agreements should promote economic development and help raise standards around the globe. They should not allow foreign investors to undermine laws that were properly debated and democratically enacted by this body. We urge you to oppose CAFTA.

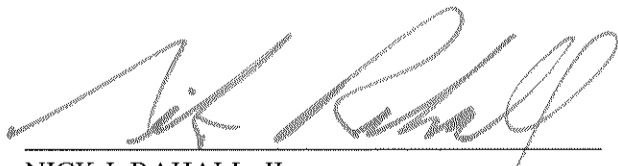
Sincerely,



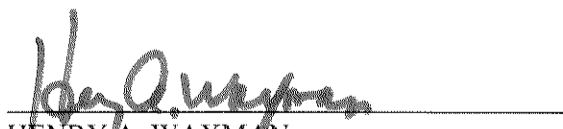
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