

**City Council of Santa Monica
Santa Monica, California
August 14, 2002**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA MONICA
OPPOSING THE EXTENSION OF THE NORTH AMERICAN FREE TRADE
AGREEMENT TO THE FREE TRADE AREA OF THE AMERICAS**

WHEREAS, the North American Free Trade Agreement ("NAFTA") Chapter 11 has provisions which allow investors to seek monetary compensation from a signatory government through international arbitration if that government expropriates the investor's investment; and

WHEREAS, there is no clear definition of "expropriation" in NAFTA Chapter 11; and

WHEREAS, the nature of international arbitration is such that municipalities or the public are not directly involved in the process, and arbitration proceedings can be secretive without documents being publicly available through regular channels; and

WHEREAS, there is uncertainty regarding the outcome of any NAFTA arbitration because the arbitration decisions by definition are not binding on other arbitration proceedings; and

WHEREAS, large monetary awards may lead a signatory government to attempt to influence laws on a local level; and

WHEREAS, due to the lack of transparency of the arbitration process under NAFTA and the lack of a clear definition of "expropriation," there is a concern that claims pursuant to NAFTA Chapter 11 may lead to unintended results which affect the legitimate police power of local governments; and

WHEREAS, it is anticipated that the negotiations in progress to finalize the Free Trade Area of the Americas ("FTAA") will include provisions similar to NAFTA Chapter 11; and

WHEREAS, the City of Santa Monica should not be subjected to the unintended results of an FTAA which includes the Chapter 11 language of NAFTA.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA MONICA, CALIFORNIA:

SECTION 1. The Council does hereby oppose the extension of NAFTA to the FTAA.

SECTION 2. The Council does hereby request the U.S. Trade Representative to release proposals for the agreement and written submissions to the nine negotiating groups of the FTAA so that local governments may assess the impact of the agreement on their sovereignty.

SECTION 3. The Council does hereby request that the State Legislature investigate NAFTA and the proposed FTAA, and adopt implementing legislation for the agreements that prevent the interference with or dilution of the sovereignty of local governments.

SECTION 4. The Council urges Congress to take an active role in ensuring that the proposed FTAA agreement includes safeguards for the sovereignty of local agencies and protection of state and local environmental laws.

SECTION 5. The City Clerk shall send a copy of this resolution to George W. Bush, President of the United States; U.S. Trade Representatives; Congressperson Henry Waxman; Senators Dianne Feinstein and Barbara Boxer; State Senator Sheila Kuehl; and Assemblymember Fran Pavley.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution, which shall become effective as set forth above.