Negotiations on the Transatlantic Trade and Investment Partnership (TTIP) between the EU and USA began in July 2013. If agreed, it would be the world’s biggest trade and investment deal outside of those negotiated within the World Trade Organisation (WTO). The deal will reduce tariffs (taxes on imports and exports), but the major focus is on reducing ‘non-tariff barriers to trade’, which is the part that has prompted most concern from trade unions, faith groups and campaigners. This could allow multinational corporations to sue governments in dubious ‘corporate courts’ and result in the slashing of environmental and safety standards. TTIP could also entrench privatisation of public services like the NHS.

If TTIP is agreed, it will be used to subject countries in the global south to radically pro-corporate global trade standards they will have had no say in shaping themselves.

As the evidence shows that TTIP could have a negative impact on workers, citizens and consumers in the EU and US, and become the new model for future trade agreements worldwide, TTIP negotiations should be stopped.

Activists from across Europe protest outside the European Commission, February 2015
Why TTIP?

Officials and businesses on both sides of the Atlantic are trying to promote TTIP as a path to stronger economic recovery after the financial crisis. However, for multinational companies, the deal is really about moving towards a global trade and investment framework that will give them even greater power.

The WTO used to be the primary focus of these efforts. However, thanks in part to successful campaigning and resistance by activists worldwide, the WTO’s Doha Development Round has made little progress since its inception in 2001.

Faced with deadlock at the WTO for much of the last decade, rich countries such as the UK and US decided to push their agenda through bilateral trade agreements and investment treaties, for example the UK-Colombia and EU-India trade agreements. This method of signing deals with countries one by one, bypassing the WTO (where, for all its faults, at least every country has a voice), has meant that there are increasing numbers of bilateral trade deals and over 3,000 bilateral investment treaties worldwide (the UK has 98).

TTIP, however, is set to take this process to a new level, bringing together the world’s two biggest economic superpowers to introduce a new gold standard model for trade and investment agreements that can then be applied to the rest of the world.

Proponents of TTIP present the deal as an opportunity to boost economic growth. However, while the evidence for its effect on boosting growth is very uncertain, the reality is that TTIP will extend and consolidate the creeping market liberalisation achieved through bilateral trade deals.

The £100 billion myth

TTIP supporters say that it will lead to £100 billion in extra growth for the EU (£10 billion for the UK) and act as ‘the cheapest stimulus package imaginable’. But a recent study commissioned by the UK government actually concluded that the investment section of TTIP would have ‘few or no benefits’ for the UK. There have been doubts about the accuracy of the £100 billion figure itself, with a recent study by academics from Manchester and Ghent universities estimating that the likely effect on growth will be a small fraction of this amount. Even taking the government’s figure of £10 billion in growth by 2027 at face value, this actually only amounts to the equivalent of a bag of peanuts a week for each person in the UK. And that is assuming that these optimistic figures are right (they aren’t) and that the wealth is shared equally (it won’t be).

Official claims about trade deals boosting growth have a history of being quite spectacularly wrong. For example, the North American Free Trade Agreement (NAFTA) was predicted to create many jobs when, in reality, it is estimated that it actually cost over 870,000 jobs in the USA. Even if TTIP does create growth in the EU and US, there is no guarantee that any of the benefits will be seen by ordinary people. Such growth could also come at the expense of countries in the global south who may be forced to apply TTIP standards and lower prices to retain their export markets in the face of cheaper competition from the US and EU.

Bad for democracy

TTIP is far more than just a trade deal. Indeed, the main focus is not around reducing the already low tariffs that exist between the US and EU, but about creating an economic environment that will favour multinational companies and deregulation, at the same time as making it riskier for countries to adopt new regulation.

“We do not believe that the case has yet been made for ISDS clauses in TTIP”

Parliamentary Committee for Business, Innovation and Skills

One of the main risks in this respect would be the inclusion of an investor-state dispute settlement (ISDS) clause. This is what is commonly called the ‘corporate courts’ clause. ISDS is already a core part of many bilateral trade deals. It involves granting companies the right to sue governments if governments make decisions that reduce a company’s profits. This happens through an international arbitration process that completely bypasses states’ domestic judicial systems. The system can only be used by companies suing states, not vice versa. Cases are decided not by judges but by a small group of lawyers paid by the hour, who have a vested interest in encouraging companies to open more cases to increase their own incomes.

ISDS has been used to extract $1.5 billion from Argentina after it froze utility prices and devalued its currency following its economic crisis in 2001. Environmental services multinational Veolia is even
using it to sue Egypt for raising the minimum wage for its workers in Alexandria.

Also, because the state often has to pay the costs of the case even if it wins, and because the compensation to be paid if it loses is so astronomical, even the threat of being taken to arbitration can be enough to persuade governments to abandon plans to introduce new rules. Each case costs each side an average of just under £5 million to fight. If the state loses, it can be forced to pay much more. For example, US company Occidental Petroleum was awarded compensation of over a billion pounds as a result of its claim against Ecuador.

“We can’t let little countries screw around with big companies like this – companies that have made big investments around the world.”

Unnamed Chevron lobbyist, quoted by Michael Isikoff in Newsweek

**Bad for poor countries**

Supporters of TTIP see it as the new gold standard for all future trade agreements. This means that any new bilateral trade deal, including with developing countries, or future multilateral deals, will likely be modelled on TTIP. Countries in the global south will be subject to huge pressure to apply TTIP standards to avoid losing trade from the US and EU after TTIP comes into force. Indeed, some analysts are already calling for TTIP to be expanded to include more countries for this reason.

While much of the public messaging on TTIP is focused on the perceived benefits to the EU and US economies, one of the main arguments made in documents written by the business lobby is the prospect of using TTIP to force deregulation and neoliberal economic policies on poorer countries. TTIP is even being talked about as an ‘economic NATO’ that will unite the US and EU in order to secure ‘global convergence toward EU-US standards which could then become de facto global standards’.

“A future deal between the world’s two most important economic powers will be a game-changer. Together, we will form the largest free trade zone in the world. This deal will set the standard – not only for our future bilateral trade and investment but also for the development of global rules.”

Former EU Trade Commissioner De Gucht on the Agreement (to the Committee on International Trade (INTA) of the European Parliament in February 2013)

**Investment Court System – a false ‘compromise’ solution from the EU Commission**

Pressure from activists and millions of concerned citizens has successfully made ISDS a politically toxic issue for advocates of TTIP. As awareness grows, anger around the secret corporate courts has led to a number of major political parties, including the Labour Party in the UK, to declare their opposition to ISDS. In an attempt to allay concerns, EU Trade Commissioner Cecilia Malmström proposed the idea of what EU officials are calling an Investment Court System. On the face of it, this proposal is an improvement over the full fat version. Unlike classic ISDS, which takes place behind closed doors, Malmström’s court would be public. There would also be a right of appeal and cases would be heard by judges, not corporate lawyers.

But we shouldn’t be deceived. The Investment Court System is still very dangerous. It would still be a parallel court system that can only be used by corporations to sue countries for pursuing legitimate public policy goals. A bit of extra transparency won’t change the fundamental fact that democratic decisions will be subject to challenge by multinationals.

Once set, up this court would be largely above democratic intervention. The implications of ordinary court verdicts, even those of the UK Supreme Court, can usually be reversed if Parliament changes the law. This Investment Court System is likely to be above UK or even EU law by its very nature. For some universal principles, such as human rights, this may be acceptable, as human rights are arguably more important than the sovereignty of national parliaments or EU institutions. But by setting up this new international investment court, we are effectively saying that the rights of corporations should be above ordinary law and the
Bad for the climate and the environment

A major impetus for the deal on both sides of the Atlantic is securing EU market access for US companies involved in fracking. The US would gain access to a huge new export market, while the EU hopes to benefit from cheaper gas from the US shale gas boom.

Demands from the US and Canada for the EU to drop plans for the Fuel Quality Directive (FQD) have already borne fruit. The FQD was vital because, as originally envisaged, it effectively banned the import of oil from Canada’s notorious tar sands into Europe. Although not formally linked to TTIP, or its Canadian equivalent CETA, it is widely believed that the decision to water down the FQD was linked to negotiations around these trade deals. In any case, if TTIP and CETA are approved, the EU is unlikely to adopt a more robust FQD and imports of dirty tar sands oil will be guaranteed for the foreseeable future. This is a disaster for the climate. The tar sands are one of the most environmentally destructive projects on the planet, and could produce a carbon footprint equal to seven years of global carbon emissions if all the oil is extracted.

In terms of the environment, TTIP could also be bad news for the precautionary principle that means any new technology or product has to be proven to cause no harm before being used. While the precautionary principle is enshrined in EU law, there are no such safeguards in the USA, meaning that the ‘regulatory convergence’ proposed in TTIP could pose a significant threat to this key environmental principle.

The ISDS dispute mechanism is another tool that is already used to undermine environmental regulation. For example, Swedish energy giant Vattenfall sued the German government for introducing environmental regulations that made the company’s planned coal-fired power plant near Hamburg ‘uneconomical’. Vattenfall is also taking Germany to the arbitration tribunal for its decision to move away from nuclear power following the Fukushima disaster.

Protestors throw milk at the EU-US free trade negotiations in 2014.
Bad for public services

TTIP could be disastrous for public services such as the UK’s NHS. It is likely to entrench privatisation because a government that attempted to regain public control would risk being sued by multinational companies, through ISDS, for breach of TTIP provisions. While on paper the deal might pay lip service to the right of governments to run public services, in practice, the definition of what constitutes a public service in other similar deals has been vague enough to allow companies to argue that once a market has been set up, it is no longer a public service. Former UK health secretary Andy Burnham has called for health to be explicitly exempted from TTIP for this reason.11

All of this means that TTIP would also be likely to further encourage the entry of big US health multinationals into service provision for the NHS.

A report by the University and College Union12 has also argued that TTIP could pose a significant threat to public education in the UK by encouraging the entry of US private education companies. Regulation of private providers around issues such as quality assurance could suffer as US educational multinationals lobby and threaten litigation in order to reduce levels of regulatory oversight.

TTIP is also likely to affect local government. ISDS could threaten local authorities to deny planning permission to controversial activities like fracking. This has already happened in Canada, where the Quebec provincial government was sued for declaring a moratorium on fracking.

Liberalising public procurement, so that companies are allowed to tender for public service contracts rather than the services being delivered in-house, is central to TTIP. In fact, the $100 billion benefit that TTIP could bring to the EU assumes that 50 per cent of all public procurement will be liberalised.13

This means that laws like the Public Procurement Act, which allows local government to consider social, environmental and economic development considerations in the procurement process, could be under threat.

Bad for the food system

TTIP could undermine EU food safety regulations through regulatory harmonisation. Products such as hormone-treated beef and pork, currently banned in Europe, could make their way onto supermarket shelves in the UK. The deal could also lead to greater penetration of genetically modified food and branded seed, owned and controlled by the major agribusiness corporations like Monsanto and Cargill, into UK agriculture.

Would you like lead in your lipstick or asbestos in your roof?

The ‘regulatory co-operation’ chapter of TTIP sounds dull, but it could lead to the use of dangerous ingredients in cosmetics. The EU bans 1,377 potentially dangerous ingredients in cosmetics US bans just 11. Asbestos is also allowed in certain products in the USA. Regulatory harmonisation in sectors like cosmetics or building materials could lead to hundreds of currently banned substances, like higher levels of lead in lipstick, being allowed in products on sale in the UK.
TTIP would give US food multinationals increased access to the EU market, possibly leading to big agribusiness companies becoming even more dominant in the food system and driving smaller producers out of business.

All of this means that TTIP could make achieving positive alternatives to corporate food systems, like the concept of food sovereignty, a lot more difficult. Food sovereignty is an alternative approach developed by food producers, activists and social movements in opposition to the dominant model of corporate agriculture. It puts control over food systems in the hands of people who produce, distribute and consume food.

TTIP could also undermine the recently adopted EU regulations, fought for by Global Justice Now, which imposed limits on food commodity speculation (see below).

**Great for big banks and financial speculators**

The City of London is one of the strongest lobbyists for TTIP. It is not hard to see why, as TTIP could mean a complete reversal of all the hard won regulatory reforms achieved since the onset of the financial crisis.

Despite the fact that ‘light touch’ regulation of the financial sector contributed to the biggest economic crisis in living memory, banks and financial speculators are keen to get rid of even the small steps taken since then to rein in big finance. Although these steps are nowhere near sufficient, the crisis prompted politicians to increase regulation of the finance sector. Such regulations include the US Dodd-Frank Act, and the EU’s Markets in Financial Instruments Directive (MiFID) that imposed limits on food commodity speculation. These rules could now be threatened by TTIP if the financial lobby, led by UK based lobby groups like TheCityUK, gets its way.

**We can stop TTIP**

Activists have successfully stopped or hindered unfair trade deals many times in the past. And the movement against TTIP is growing. Here are some examples to show that the adoption of TTIP is far from a foregone conclusion:

- Helping kill MAI. Back in 1996, the 29 developed countries in the OECD were preparing to agree a massive deal called the Multilateral Agreement on Investment (MAI). Protests by activist groups including Global Justice Now

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were instrumental in mobilising wider resistance. MAI was eventually defeated.

- Building a Europe-wide movement against TTIP. Despite very little coverage from the mainstream media, the campaign against TTIP has grown to become a large and growing movement stretching across the continent. The petition against TTIP attracted 3.5 million signatures across the EU, including over 500,000 people in the UK alone.

- Delaying ISDS. Widespread indignation at the prospect of ISDS has already forced the EU Commission to push for a desperate rebrand of corporate courts. And a number of political parties, including the UK Labour Party have come out against ISDS.

Take action

To stop TTIP, we have to act now. Negotiations are scheduled to rush forward in order to finalise the deal while President Obama remains US president. The UK is a major supporter of the deal, so by making our concerns heard in the UK we can influence the outcome. Unfortunately, many MPs and MEPs are not aware of the dangers of TTIP, having heard only vague predictions of benefit to the UK economy. It is important that critical voices are heard in parliament.

1. Contact your MP, MEP, MSP, AM or MLA and raise these concerns about TTIP. Ask them to oppose the deal.

2. Contact your local council and ask them to declare your area a TTIP-free zone. More information on this is available at www.ttipfreezone.org.uk

3. Spread the word about the dangers of TTIP. You can find more resources to help you at www.globaljustice.org.uk/trade

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3 For example see: http://blogs.lse.ac.uk/usappblog/2013/12/17/eu-us-free-trade/
4 http://www.epi.org/publication/webfeatures_snapsshots_archive_12102003/
5 http://www.foe.org/news/blog/2013-05-chevron-fracks-europe-transatlantic-trade--investmen#sthash.dwvWFxL5.dpuf
6 A recent report predicted that Latin American countries would lose around 3 per cent of GDP as a result of TTIP unless they agreed to apply the same standards. http://semancha.com/2013/06/27/just-the-ttp-the-effect-of-us-eu-free-trade-on-latin-america/
7 http://www.atlantic-community.org/-/does-the-ttip-create-winners-and-big-losers-

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Global Justice Now campaigns for a world where resources are controlled by the many, not the few. With thousands of members around the UK, we work in solidarity with global social movements to fight inequality and injustice.

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