

# Five reasons TTIP and CETA are terrible for the climate



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We can halt climate change, but only by changing the economic and political structures that bind us to a high carbon model. The enormous trade deals currently being negotiated, like TTIP and CETA, will further entrench this model and make it all but impossible to reverse. This briefing outlines the reasons why we have to stop TTIP and other similar trade deals if we are to successfully stop climate change.

Trade agreements – either between countries or at the World Trade Organisation (WTO) – have assigned new privileges to ‘investors’ like big business while removing the ability of governments to protect their economies, or environments. But to fight climate change, we need to restrain big business from trashing the planet while encouraging governments to plan our transition to a low carbon economy. In other words, free trade agreements are at odds with the fight to halt climate change.

In particular, so-called ‘new generation’ trade deals - like the US-EU deal known as Transatlantic Trade & Investment Partnership (TTIP) and the Canada-EU deal known as the Comprehensive Economic & Trade Agreement (CETA) - go beyond reducing trade tariffs and quotas. They focus on public policy, from food standards to energy regulation, which have a big impact on climate change. They also embed in global governance the principle that the ‘right to trade’ is more important than tackling climate change.



Photo: Rainforest Action Network

New trade deals like TTIP establish secret ‘corporate courts’, which hand big business new powers. Where these courts already exist they have been used, for example, to allow Chevron to evade justice for the one of the world’s most serious environmental disasters in the Ecuadorean Amazon rainforest.

## 1. Putting trade before the environment.

The purpose of free trade agreements has been to promote the flow of goods and services around the world. While trading can be positive, and raise standards of living, trade for its own sake, regardless of its social and environmental consequences, can be problematic. More trade means more shipping, more lorries and more aviation, due to increased volumes of freight.

Globalisation has created a system of global governance, which places the interests of those who trade – mostly big business – ahead of the protection of people and the planet. Unlike environmental, human rights or labour agreements, trade agreements often have strong enforcement mechanisms which mean governments or corporations can take legal action if other governments violate those agreements.

Trade agreements mean that countries cannot discriminate between foreign and domestic producers. Both must have equal access to their markets. This makes it more difficult to favour local, more environmentally sustainable companies, over multinationals. The only thing that matters is the lowest price.

The European Commission claims that, for the first time, the 'new generation' trade deals like TTIP and CETA have strong 'sustainable development' chapters. But analysis of leaked documents suggests "The chapter's weak and unenforceable environmental provisions stand in sharp contrast to the strong and highly-enforceable privileges for foreign investors"<sup>1</sup>. In particular, Sierra Club claims that the text is vague and "fails to include any meaningful enforcement mechanism". In other words, failing to address the central problem - that in our global economy corporations receive 'rights', while people and the environment receive platitudes.

## 2. Letting corporations challenge environmental protection.

The Investor State Dispute Settlement (ISDS) system creates secret tribunals in which foreign investors can sue governments for adopting policies that have the potential to reduce their profits. These corporate courts are already part of CETA and are likely to be in TTIP too.

In other treaties, ISDS has already been used to protect the interests of big oil, gas and coal companies on numerous occasions:

- Swedish energy firm Vattenfall used ISDS to demand £1 billion in compensation from Germany after the state government of Hamburg decided to introduce stricter environmental regulations on the firm's coal power station. The measures were meant to prevent pollution of the river Elbe. Vattenfall secured a u-turn on the policy and an out of court settlement from Germany<sup>2</sup>.
- Lone Pine Resources is a Canadian company and so theoretically should not be allowed to use ISDS to sue its own government. But it used its US subsidiary to enjoy the right of a 'foreign' investor to sue Canada for Quebec's decision to call a moratorium on fracking. Lone Pine is seeking compensation of \$250 million<sup>3</sup>.
- Ecuador has been locked in a long battle with Chevron over a dispute related to a series of oil spills whose cumulative effect has been called a 'rainforest Chernobyl'. Ecuador is attempting to get Chevron to pay compensation and clean up the spills, which occurred between the 1960s and 1990s. An Ecuadorian court ruled against Chevron and ordered that the company pay up to \$18 billion in compensation. Instead of just paying up, the oil giant is suing Ecuador for daring to fine it.<sup>4</sup>

## 3. Helping corporations shape our environmental laws.

At the core of TTIP and CETA is the concept of 'regulatory cooperation'. Many regulatory standards are seen as 'trade barriers' by businesses, placing 'unnecessary burdens' on their ability to export. But many of these regulations are important and democratic ways of managing our society and protecting the environment.

The European Commission has proposed a 'regulatory cooperation council' as part of TTIP that would make it compulsory for parliaments to give companies "early warning" of any new regulation that might impede trade. A leaked draft shows that corporations would, in effect, be given a 'right to lobby'. CETA has a similar, albeit weaker, clause on regulatory cooperation.

This would give big business even more influence over our laws, for instance allowing them to see and comment on proposed legislation before elected representatives have had an opportunity to do so. As one campaign network states: "Any rules that threatened the bottom line of business – for example strict energy efficiency standards, or

financial rules on dirty energy– could be strangled by business lobbies before they are even debated by parliaments or the public.<sup>5</sup>

Suppose a government wanted to pass legislation to encourage companies to use renewables rather than fossil fuels, or discourage banks from investing in coal. Such proposals would have to be influenced by big business lobbyists, who could object, and try to prevent or weaken any legislation.

## 4. Encouraging high carbon agriculture

Agriculture is one of the main contributors to climate change, with food production estimated to cause between 19 and 29% of carbon emissions.<sup>6</sup> The main culprit is agriculture practiced on an industrial scale, geared towards meat exports to Western markets, and using high levels of chemicals.

In the debate around TTIP, US agriculture has been symbolised by its use of chlorine to rid chicken carcasses of bacteria and the use of steroids and antibiotics in cattle, meaning they can be kept in very cramped conditions, indoors, eating food other than grass. A key concern about TTIP is that through harmonising regulations, there will be downward pressure on more climate friendly forms of agriculture, in favour of industrial methods. Small farmers practising less carbon intensive methods such as organic, will find it increasingly difficult to compete with industrial farming as practiced in the US.

Agribusiness sees TTIP as a key way of getting the EU to drop opposition to antibiotics, chemicals and genetically modified products in agriculture. US Secretary of Agriculture Tom Vilsack has been clear that Europe needs to “rethink its current bans on chlorine-washed chicken and beef from cattle raised with growth hormones<sup>7</sup>. ” In fact, an EU official recently reported that the very negotiations had led the EU to dilute its position on beef washed in lactic acid, and accelerated approval of GM ingredients in food exported to EU markets<sup>8</sup>.

A detailed Friends of the Earth analysis of a leaked chapter from TTIP suggests that a cut in dual food inspections (on both sides of the Atlantic) is one aspect of the deal. But even this seemingly innocuous suggestion “could lead to a rise in contaminated food imports.... and the importing party would be required to accept the exporting party’s judgment despite there being clear safety concerns.”<sup>9</sup>

## What can you do?

We can stop TTIP and CETA – and we must do so if we are to halt climate change:

1. Join up to say NO TTIP and CETA at [www.globaljustice.org.uk/ttip](http://www.globaljustice.org.uk/ttip)
2. CETA needs to be stopped before TTIP because it’s already been negotiated. Write to your MEP and ask them to pledge to stop the deal when it comes before the European parliament at [www.globaljustice.org.uk/ceta](http://www.globaljustice.org.uk/ceta)
3. Turn your local council, university or place of work into a TTIP free zone. Get your pack from the Global Justice Now office. There are hundreds of TTIP free zones across Europe: [www.ttipfreezone.org.uk](http://www.ttipfreezone.org.uk)
4. An amendment known as the ‘Van Harten clause’ would put a government’s climate change commitments ahead of ‘the right to trade’. MEPs have supported this clause. In coming months we will push for enforcement of the clause in CETA and TTIP<sup>10</sup>.

## 5. Freeing up fossil fuels.

The so-called Energy Chapter of TTIP would create a ‘free market’ in fossil fuels, preventing countries from limiting exports of energy products within the TTIP or CETA zone. The chapter has been proposed by the European Commission, and sold on the basis that it would reduce European dependence on Russian gas. But unfortunately it would mean simply replacing one fossil fuel dependence with another, making the EU dependent on US oil and fracked gas and on US and Canadian tar sands oil - the most toxic fossil fuel in the world. As a result, the US and Canada would increase fracking and tar sands production. Far from being seen as ‘transition’ fuels to overcome short-term coal dependence, the infrastructure required to export these fossil fuels would lock-in their production for a generation<sup>11</sup>.

One of the biggest casualties to-date has been the EU Fuel Quality Directive (FQD), a regulation which would allow the EU to incentivise less toxic fuels. The EU has agreed to water down the directive, which in its original form would have effectively banned Canadian tar sands oil from the EU, under pressure from Canadian and US negotiators and oil corporations<sup>12</sup>. Perhaps this is no surprise, as leaked documents have shown

that secret negotiating positions are being shared by the Commission with big oil corporations such as Exxon-Mobil, helping those corporations to co-write the energy chapter<sup>13</sup>.

- 1 <https://www.sierraclub.org/sites/www.sierraclub.org/files/uploads-wysiwig/SD%20Analysis%20Consolidated%2010-19%20FINAL.pdf>
- 2 <https://www.foeeurope.org/isds>
- 3 <http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/disp-diff/lone.aspx?lang=eng>
- 4 <http://amazonwatch.org/work/chevron>
- 5 [http://www.s2bnetwork.org/wp-content/uploads/2015/09/ttip\\_and\\_climate\\_en.pdf](http://www.s2bnetwork.org/wp-content/uploads/2015/09/ttip_and_climate_en.pdf)
- 6 <http://www.annualreviews.org/doi/pdf/10.1146/annurev-environ-020411-130608>
- 7 <https://www.opendemocracy.net/ourkingdom/nick-dearden/transatlantic-trade-deal-project-of-1>
- 8 <http://www.zeit.de/wirtschaft/2015-05/ttip-ceta-costs/komplettansicht>
- 9 <http://www.fcrn.org.uk/fcrn-blogs/vicki-hird/what-will-ttip-mean-food-and-climate>
- 10 <http://canadians.org/media/eu-parliament-adopts-robust-mechanism-needed-paris-climate-talks-are-european-national-leaders>
- 11 [https://www.sierraclub.org/sites/www.sierraclub.org/files/uploads-wysiwig/TTIP\\_Energy\\_Letter\\_Final\\_\\_1\\_.pdf](https://www.sierraclub.org/sites/www.sierraclub.org/files/uploads-wysiwig/TTIP_Energy_Letter_Final__1_.pdf)
- 12 <http://www.transportenvironment.org/press/european-parliament-adopts-weakened-fuel-quality-law-after-8-years-fierce-lobbying-canada-and>
- 13 <http://www.theguardian.com/environment/2015/nov/26/ttip-talks-eu-alleged-to-have-given-exxonmobil-access-to-confidential-papers>

## Take action

To find out how you can help tackle corporate power and become part of a movement for real change visit [globaljustice.org.uk](http://globaljustice.org.uk) or call 020 7820 4900.



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