TTIP – a threat for the 2030 Agenda

BY HUBERT RENÉ SCHILLINGER, FRIEDRICH-EBERT-STIFTUNG GENEVA

Since 2013 the Transatlantic Trade and Partnership Agreement (TTIP) has been negotiated between the European Union and the United States aiming to create a free trade area for over 800 million people combining the two most affluent regions on the globe and two of the most powerful global players into one single market. According to US President Obama and German Chancellor Merkel, an agreement will still be finalized before the end of 2016. However, as people are becoming more aware of the terms of these negotiations, resistance against TTIP has been mounting. Even a complete breakdown of negotiations has become a distinct possibility.

A final agreement on TTIP in its current form could seriously undermine important goals and targets of the 2030 Agenda in a number of ways.

First, TTIP is sold by US and EU leaders to their own population as a unique – and also the last – opportunity for the old 'West' to write the global rules on trade and investment in the 21st century, "before others could do it." In future, TTIP – in combination with its companions the Trans Pacific Partnership (TPP), the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the Trade in Services Agreement (TISA), is thought to become the blueprint for any other trade agreements that follows. TTIP and other US- and EU-led agreements would actually replace the World Trade Organization as the place where global trade rules are made, thus undermining multilateralism. The sheer economic weight of the combined transatlantic market alone is thought to make sure that the norms and standards applied here would almost automatically become the new global ones. Such an exclusionary approach to changes in global rules is hardly in line with the spirit and the wording of SDG 16, in particular with Target 16.7, to ensure responsive, inclusive, participatory and representative decision-making at all levels, and Target 16.8, to broaden and strengthen the participation of developing countries in the institutions of global governance. And it directly flies in the face of Target 17.10 calling for the promotion of "a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization."

Second, direct negative economic spillovers to poor countries can be expected from TTIP. Several studies show that tariff cuts between the transatlantic trading partners could seriously disadvantage exporters from poor developing countries, as for example, those in sub-Saharan Africa, that rely on tariff preferences for their access to EU and US markets. The fact that some of these preferences will be eroded by transatlantic tariff cuts will impact negatively on a number of poor economies and thereby potentially impede progress on other goals, such as SDG 1 on the elimination of poverty, SDG 2 on sustainable agriculture, SDG 8 on economic growth and employment, and SDG 10 on inequality, particularly among countries. As compensation for these negative spillovers, the US and the EU have been called upon to make the harmonization and improvement of their respective preference schemes towards Africa (the US African Growth and Opportunity Act – AGOA, Everything But Arms on the side of the EU) an integral part of the TTIP negotiating agenda. The harmonization of these schemes should, for instance, target much more generous and at the same time simplified and harmonized rules of origin for exports from these countries into both markets.

Third, TTIP is actually only to a very small extent about the reduction or abolition of already very low import tariffs. The true focus is the removal of non-tariff barriers (NTBs) to trade – essentially regulations. TTIP proponents argue that regulations limit trade, and "harmonizing" standards would remove these "obstacles" to cheaper imports. However such regulations are not arbitrary impediments to trade, but are generally issued to protect and promote public health, consumer safety, citizens' and workers' rights, sustainable communities and a healthy environment. They often reflect deeply held public values that tend to differ from country to country. The processes of "harmonization" and "mutual recognition" of standards proposed in TTIP are likely to end up accepting the smallest common denominator based on the weaker of EU or US standards. Such a race to the bottom would, however, perfectly fit the corporate deregulation agenda in many of the areas under negotiation (e.g., in the area of financial regulation).

In addition, a joint "regulatory council" has been proposed to, in future, vet all new projects of law or regulatory projects on both sides of the Atlantic as to whether they are harmful to bilateral trade. This council could veto any proposed regulation, if it considers it potentially discriminatory to exporters from the other side, even before any such project could go to any parliament for deliberation and decision-making. If this "regulatory cooperation" was to become part of the proposed new "gold standard" of global trade rules it would replace or at the very least seriously undermine decision-making of legitimate and representative political bodies through unaccountable and opaque technocratic bodies under the influence of corporate lobbyists, therefore becoming a direct threat to democracy. It could also undermine needed action in public policy areas of vital importance to the fulfillment of the goals and targets of the 2030 Agenda, such as. in the case of necessary environmental protection legislation to ratchet up sustainability standards in the face of planetary boundaries and to combat climate change, as mandated under SDG 13.

Fourth, the greatest threat of TTIP and its siblings for the achievements of the SDGs arguably resides in the envisaged provisions for investor rights and the controversial investor-state dispute settlement system (ISDS). Even if relabeled as an investment court system (ICS), as proposed in the revised CETA-text, this measure creates an explicit tool for foreign investors to effectively challenge changes in the policy environment that are potentially harmful to their bottom line. Through this parallel system of privatized justice via international arbitration tribunals, corporations can attack government regulations, such as that designed to protect public health, to reduce carbon emissions, or to promote sustainable development more generally, by suing governments for lost future profits without the involvement of any genuine court of law. Already the threat by investors to sue governments for millions – and sometimes even billions – of taxpayers' euros or dollars can have a "chilling effect", by forcing governments to abstain from needed action for sustainable development because of the huge financial risks involved. While a small number of countries have cancelled previously negotiated bilateral investment agreements that include these investor-state dispute settlement arrangements, the TTIP, TPP and CETA would hugely expand the coverage of such arrangements, empowering the use of this mechanism to tens of thousands of additional corporations.