

Transatlantic Trade and Investment Partnership /CETA Investor State Dispute Settlements (ISDS).

We are writing on behalf of the South Lakeland World Development Movement to express our concerns over the proposed Transatlantic Trade & Investment Partnership (TTIP) between the European Union (EU) and the United States (US), and the equivalent deal between the EU and Canada (CETA) which are seen as precursors for worldwide free trade agreement. These free trade proposals, like others before, appear to be designed to put profits of large multinational corporations before the wellbeing of citizens and the best interests of developing countries. They have the potential to negatively impact on public health, the environment, and the rights of workers in the EU and elsewhere. These trade deals have not been in the manifestos of our major political parties and we believe they should not proceed without a democratic mandate from EU citizens.

A major concern is that corporations will be able to sue countries for loss of income through Investor State Dispute Settlements (ISDS). This has occurred with other free trade agreements. In Central America, Canadian mining companies have sued national governments in Costa Rica, El Salvador and Guatemala for loss of income following the introduction of laws to protect the environment; while in Uruguay Phillip Morris has sued following the introduction of public health legislation aimed at reducing tobacco use. Although the EU Commission has belatedly launched a public online consultation on investor protection in TTIP this has not been widely publicised.

Reports into the development of TTIP have come from The High Level Working Group on Jobs and Growth (HLWG)¹, commissioned by the EU/US, and from the Centre for Economic Policy Research (CEPR)². Both expressed support for a rapid implementation of TTIP which is claimed to have a positive financial impact on EU and US trade. The implication being that everyone in the EU will benefit financially from this trade deal. We believe this is highly unlikely and that the major benefactors would be global investors who have no loyalty to our own country or the EU.

These reports put forward a case for:-

- deregulation of public sector industries, such as the National Health Service, opening them up to more competition with private for-profit companies;
- enhanced compatibility of regulations and harmonisation of standards;
- an extension of intellectual property rights;
- the elimination, reduction, or prevention of all barriers to trade in goods, services, and investment.

The HLWG says that TTIP would enhance business opportunities through substantially improved access to government procurement which is true. However, according to the CEPR report, 80% of the financial gain would come from deregulation and liberalising trade in services and public procurement. This has serious implications for jobs and work conditions in the UK and in the case of the NHS profit would come before public health. Most large corporations are already manipulating weak tax legislation and off-shore accounts to maximise their profits; and privatisation is usually associated with job losses, as seen with the recent UK Royal Mail sell off. Therefore any financial gain would be concentrated in the hands of global shareholders to the detriment of the general population.

In the move to standardise regulations we believe there will be a strong push to weaken regulation. This will have a negative impact on health and safety issues, environmental protection, and workers rights. For example in the case of genetically modified crops the proposal is to limit regulation **only** to those issues that affect human and animal health. There are no proposals to look at the effects of GM crops on biodiversity and the environment. Also, their impact on small farmers in developing countries, who produce most of the world's food, is not to be considered.

The HLWG recommends a strong drive to reduce regulations; however, when it comes to patent law a case is put forward **to extend** intellectual property rights. This will have serious cost implications in the EU and in poorer developing countries. A particular concern is that, when it comes to the supply of safe pharmaceuticals, maximising shareholder profit will come before public health. The development of cheap safe generic drugs is opposed by large pharmaceutical companies and the TTIP/CETA proposals will allow them to extend patent rights so as to maximise profit. This aggressive behaviour has already been seen with existing bilateral trade agreements. For example Canada has been under severe pressure from the US to relax the preference it gives to the use of generic drugs. It is also under pressure to allow “Supplementary Protection Certificates” to be issued for pharmaceuticals. These extend the duration of patents for five years yet again putting profit before public health.

Another danger is that these proposals encourage limitless growth in a finite world. If approved, and extended on a global scale, they would have serious knock-on effects for the environment and lead to increasing conflicts over dwindling natural resources, especially in developing countries who have suffered colonial exploitation in the past.

The large corporations who are pushing for this legislation, and who have a legal responsibility to maximise shareholder profit, are becoming the new global superpower. They are seen by many weak governments as being “too big to fail”, and increasingly, with the aid of new legislation, they are holding governments to ransom. There has been little public consultation about this and many UK politicians appear to have a poor understanding of the implications of further deregulation and globalisation that TTIP/CETA will introduce.

In view of these observations, and the fact that TTIP/CETA negotiations are being driven by large multinational corporations with very little input from civil society, we urge you to oppose these regulations which have no mandate from EU citizens. In particular, we believe that profit should not have a priority over public health, ISDS should not be a part of any TTIP/CETA agreement, and that environmental protection must be prioritised.

Our views may appear negative so it might be worth pointing to an alternative. If we are to have a new global trade deal we urge you to support The Alternative Trade Mandate³ which puts people and the environment before the short term profitability of unelected unaccountable business interests. This alternative is supported by WDM nationally and many other national and international organisations.

References

1. http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc_150519.pdf
2. http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf
3. http://www.alternativetrademandate.org/wp-content/uploads/2014/02/Trade-time_for_a_new_vision-JAN14-PRINT.pdf

c.c.

EU commission Brussels or London?

Vince Cable Secretary of State for Business Innovation and Skills

Tim Farron MP

Current North West MEPs

North West MEP candidates