The Transatlantic Trade and Investment Partnership (TTIP)

Overview

The Transatlantic Trade and Investment Partnership (TTIP) is a Free Trade Agreement (FTA) currently being negotiated between the European Union (EU) and the United States of America (US). The deal is also known as T-TIP or the Transatlantic Free Trade Area (TAFTA).

The governments involved say that the primary aim of this deal is to increase economic growth in both areas. Negotiators aim to achieve this growth through two main actions. First, the removal of the few remaining tariffs or import/export taxes between the two zones, and, secondly, the unification of regulatory standards between the EU and the US. As tariffs only apply to 4% of all traded goods between the EU and the US, their removal alone would have a minimal economic impact.[1] Much more critical is the unification of regulatory standards.

Currently both the EU and the US have regulatory codes for product manufacturing and sales, to ensure consumer safety. Both sets of regulation assert that they create safe consumer markets, but the rules are different in each area, and producers who sell in both markets must go through both sets of regulatory procedures. This is viewed by some as an unnecessary double cost.

The TTIP aims to minimise these double costs through mutual recognition of regulation and by unifying future standards in specific sectors of the economy such as the automotive, petrochemical, and pharmaceutical industries. The central idea is to increase trade and investment between the two markets, providing cheaper goods through increased competition. A secondary expectation is that that those already selling to both markets would have significantly lower costs, and that the money saved would be reinvested, which is assumed to lead to productivity increases, development of new technologies, and new jobs. Where savings are not reinvested, they would presumably be passed on to consumers through cheaper goods.

The TTIP is expected to apply to the majority of economic sectors, including areas that have previously been exempt from FTAs, such as agriculture and the automotive industry.

Predictions

Both the European Commission (who are negotiating the deal on behalf of the EU) and the US Obama administration are strongly in favour of TTIP. Two independent reports commissioned by the European Commission have predicted significant economic benefits at minimal economic and environmental costs if a large and ambitious agreement is reached.[2] However, these analyses have been disputed by academics and other experts, who suggest that TTIP could have numerous negative consequences and may not bring the profits and benefits predicted.

Key Facts & Figures

- According to its promoters, once fully implemented (in 2027), TTIP would be expected to provide an extra €119 billion in Gross Domestic Product (GDP) for the EU and $95 billion in GDP for the US. That is around 5 per cent more than the GDP levels predicted without TTIP. This is often presented as a statement that each European family of four would receive on average of around €545 extra in disposable income per year. However, there are significant doubts about the validity of these studies, particularly in analyses from the London School of Economic and the Berlin Forum on Global Politics.[3] In addition, there have been widespread claims that financial gains are not likely to filter down to ordinary people but would probably stay with the already wealthy: investors and corporations.

- Those promoting TTIP claim that between 700,000 and 2 million new jobs would be created with TTIP, and that real wages would rise by 2.3%. However, previous FTAs have witnessed significant job losses for specific sectors, drops in wages and lowered living standards as part of a race to the bottom. For example, it is estimated that the North American Free

[1]http://europa.eu/rapid/press-release_MEMO-13-95_en.htm

[2] http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf
http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-272B0365-BC7B180B/bst_engl/xcms_bst_dms_38061_38062_2.pdf

[3]https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260380/bis-13-1284-costs-and-benefits-of-an-eu-usa-investment-protection-treaty.pdf ; http://bfogp.org/publications/the-transatlantic-colossus/

Trade Agreement (NAFTA, 1994) saw 1 million jobs shift from the US to Mexico, causing severe unemployment in some US regions and creating a significant imbalance in the US economy.[4]

- Through improved efficiencies, it is said that TTIP would have negligible affects on CO_2 emissions: at the most a 0.07% increase in emissions. However, there are widespread concerns that TTIP would stimulate an increase in imports of Tar Sands Oil refined in the US and that tough EU regulation on Green House Gas Emissions would be lowered or scrapped.[5]
- The inclusion of an Investor-State Dispute Settlement (ISDS) mechanism could give corporate powers access to an exclusive form of justice, through which they could sue governments for billions of Euro for loss of profit due to implementation of legislation.
- There is a distinct lack of transparency in the negotiations. While negotiators say this confidentiality is a necessity, many civil society groups believe more transparency is possible. All stages of the negotiations are taking place behind closed doors with no information or documentation released for public scrutiny, not even to MEPs.
- The EU and US regulatory standards are incompatible, especially in areas such as food safety, environment, and workers' rights. Many argue that the US has significantly lower standards which would undercut the standards Europe has worked so hard to create.

What does the Quaker Voice in Europe say?

QCEA is opposed to TTIP for a number of reasons. We consider the lack of transparency in negotiations to be undemocratic. We have serious doubts about TTIP's predicted benefits; not only are the economic models disputed but the small financial gain predicted could be at the high cost of our environmental regulations and social standards. Although trade can be beneficial in many situations, there are many potentially negative consequences from this deal in its current form. QCEA wants to see a deal that places the well-being of citizens and the maintenance of the ecosystem on whose services we all depend, at the heart of the economy rather than as a secondary concern.

QCEA is concerned that many long-term issues are not been adequately considered in these negotiations. Has the EU considered the impact on our natural resources of this increased consumption? Will this deal increase the use of fuels that we know are damaging to the environment – tar sand oil piped in the US, and shale gas? What would the effect be on social equality in European society?

At the very least, QCEA believes that TTIP should include an exit strategy: a sunset clause.

Ways to get involved in the ongoing development of TTIP

- **Contact your local MEP raising your concerns** – find their contact details at http://www.europarl.europa.eu/meps/en/map.html
- **Respond to the European Commission's Consultation on ISDS. A model answer is available on the QCEA website (http://www.qcea.org/p/publications/consultation-response/**. Alternatively, you can respond directly via the EU consultation website: ec.europa.eu/yourvoice/ipm/forms/dispatch?form=ISDS
- **Engage with civil society organisations** to receive updates and calls to action
  - www.qcea.org – QCEA website
  - www.corporateeurope.org – Corporate Observatory Europe
  - www.ttip2014.eu - TTIP Beware
  - www.38degrees.org.uk/campaigns - 38 Degrees
  - www.foeeurope.org/EU-US-trade-deal - Friends of the Earth Europe

Further Information can be found on the European Commission – Directorate-General for Trade Website – www.ec.europa.eu/trade/policy/in-focus/ttip, as well as the websites of the above-mentioned civil society organisations.

-Chris Diskin

[4]http://www.epi.org/publication/briefingpapers_bp147/

[5] http://www.euractiv.com/sections/energy/tar-sands-mystery-and-smoking-ttip-gun-301552