



An Exit Strategy: A Sunset Clause for the Transatlantic Trade and Investment Partnership (TTIP)

Summary

Across the globe, the European Union (EU) is negotiating Free Trade Agreements (FTAs) to promote trade liberalization in an attempt to invigorate economic growth. While FTAs have strong support within the EU institutions and amongst the business community, there are many in the European and National Parliaments, as well as countless members of civil society, who oppose such deals. QCEA opposes FTAs on the principle that these deals place profits before people. We believe that the individual well-being of citizens and the conservation of the environment should be at the heart of any trade deal that the EU signs. However, we also recognise that many FTAs could be ratified regardless of opposition from civil society. Therefore we advocate the inclusion of a sunset clause: an article in the final text which provides a specific date when the deal would expire and would need to be re-negotiated and re-ratified. A sunset clause would ensure there is an exit strategy for either partner, should the deal not deliver on its promised benefits.

The Transatlantic Trade and Investment Partnership (TTIP)

One of the largest and most controversial FTAs currently being negotiated is the Transatlantic Trade and Investment Partnership (TTIP). If negotiations between the European Commission and the United States (US) Trade Representatives are successful, and the deal is ratified by the European Parliament, the agreement would create the world's largest free trade area, covering most sectors of the economy. Two reports, both prepared for the European Commission, have suggested that TTIP would result in widespread financial gains for the EU, US, and global economies. The reports also imply that this growth would translate into increases in disposable income for the majority of citizens in both the EU and the US.

There are numerous NGOs (including QCEA), politicians, and citizens who have serious concerns about TTIP. Some contest a single section of the deal, others are wholly against TTIP, and there are those who contest FTAs in general. Even its most ardent supporters agree that TTIP will have to be ambitious (in terms of scope and scale) to be as successful as planned. QCEA's main concerns with TTIP are:

- The inclusion of an Investor State Dispute Settlement (ISDS) which could allow corporations to take legal action against national governments through international courts. This could have a major impact on democratic governance.
- The negotiations are confidential and, while the efforts of the European Commission to keep stakeholders informed must be recognised, TTIP still lacks adequate transparency and balanced stakeholder input.

- The figures and calculations given in the two independent reports are unreliable and often sight the best possible outcomes. The financial benefits predicted could therefore easily turn out to be much smaller than expected, or non-existent.
- TTIP's focus on economic competition could erode the EU's more thoroughly regulated health and safety, environmental, and labour legislation. This would reduce the overall well-being of citizens, offsetting any financial gains and undermining the EU's own primary policy aims.
- The US food standards and policies are quite different than those of the EU, specifically regarding the use of hormones in cattle feed and widespread use of Genetically Modified (GM) crops. TTIP could become a means to export such products to the EU.
- The deal is likely to encourage US-EU trade at the expense of intra-EU trade, with little new economic activity generated. This could weaken the cohesiveness of the EU, as membership of the union may become less economically beneficial, especially for those nations predicted to gain most from TTIP, such as Germany or the UK.

A Sunset Clause for TTIP

QCEA and many other organisations and individuals oppose TTIP in its current form. However, we recognize that a deal may very well be finalised. If this is the case, then QCEA calls for a sunset clause to be written into the final TTIP agreement.

What is a Sunset Clause?

A sunset clause is an article within legislation which specifies a date when said legislation ceases to be binding. It offers a specific end point to a piece of law, so that renegotiation can take place or, if the legislation is having a negative impact or is not effective or efficient, it can be terminated. These clauses have been used in a wide variety of situations. During the process of ending apartheid in South Africa, sunset clauses were used as a form of compromise to allow complex and often contentious laws to be phased out slowly. In the US, sunset clauses have been used to help enact controversial legislation, such as fire arms control laws, allowing legislation to be enacted for a limited period in order to analyse its efficiency.

A sunset clause would provide an opportunity for TTIP - and other FTAs - to be trialled, to evaluate the benefits and the impacts on our society. A sunset clause would reduce the risk of this huge deal to European citizens and society as, after a certain period of time, the deal would have to be reviewed and renegotiated. Stakeholder input would be an essential part of this review. If the benefits of TTIP are outweighed by the costs to human well-being, the deal can be adjusted or ended via the sunset clause. For those with concerns, a sunset clause would offer an insurance policy for TTIP. In addition to TTIP, it should be recognised that a sunset clauses could become a useful and flexible tool used more generally in other FTAs.

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Additional briefings on TTIP can be found on the QCEA website at www.qcea.org/t/ttip/