



**Friends of  
the Earth  
Europe**

## **TRADING AWAY OUR FUTURE?**

### **A threat to Europe's democracy and environmental, health, and social safeguards**

#### **Briefing on the Transatlantic Trade and Investment Partnership (TTIP), October 2013**

The EU and the US have started negotiating a transatlantic trade agreement which is being touted as the biggest bilateral free trade agreement in history.

The trade deal risks undermining crucial European social, health and environmental protection, including key food safety and pollution measures, which industry claims are barriers to trade. Little detail has been made available on the content of the on-going negotiations on the Transatlantic Trade and Investment Partnership (TTIP) (also known as the Transatlantic Free Trade Agreement or TAFTA), but leaked documents suggest that beneath the rhetoric of creating jobs through increasing transatlantic trade, the European Union and United States are seeking to deregulate important sectors, undermining key pillars of European protection and posing a threat to national governments' power to regulate in the public interest.

This briefing addresses the risks posed by the proposed deal, and argues that what is needed instead is a transparent process that addresses the causes of the current economic, social and climate crises through trading conditions that favour people and the environment. Rather than assuming that what is good for trade and business is good for everyone, the full impacts on society and the environment must be taken into account.

Friends of the Earth Europe is urging the European Council, European Commission and European Parliament to reject any deal that fails to prioritise the rights of citizens and the environment over the interests of companies and investors. An investor state dispute settlement mechanism should not be included in TTIP.

#### **Wrong approach to the economic crisis**

The trade deal has been promoted as a way of boosting growth through increased trade and investment in response to the current economic crisis, but evidence suggests that the

economic benefits of a deal would in fact be minimal<sup>1</sup>. Instead of addressing obvious problems with the current system, such as corporate tax evasion, the proposals look set to promote business as usual, adding to the problems we face. As a result, while big business may see increased profits, individuals, society and future generations will pay the price.

A more appropriate response to the economic crisis would be to generate the financial resources needed to create good jobs and to build a more sustainable economy via new forms of taxation, such as a Financial Transactions Tax.

### **Safety standards at risk**

The proposed deal could pose a serious threat to environmental and social protection in Europe. Sectors of industry have long claimed that European standards designed to protect human health, the environment and social wellbeing are barriers to trade. Their demands for the automatic mutual recognition of standards (where the EU would have to accept US imports regardless of their compliance with EU regulations, and vice-versa), or new harmonised or global standards, which would effectively mean a lowering of standards, will reduce protection for the environment and expose individuals to greater health, safety and other risks.

For example, the US has previously challenged European restrictions on imports of hormone-treated beef and poultry washed in chlorine. Oil companies are lobbying against EU plans to protect the climate by limiting access to the EU for oil from dirty tar sands. Food labelling requirements, providing consumer information about what is in food (including genetically modified ingredients) and where it comes from, are seen as an extra cost and criticised as a barrier to trade. Similarly, the already weak sustainability criteria applied by the European Union on biofuels could be threatened as US corn and soy producers push for a share of the European market. Local and national bans on shale gas will be at risk due to TTIP.

Introducing lower standards to meet the demands of industry effectively undermines the precautionary approach, which requires companies to ensure new technologies are safe and which provides a key legal cornerstone of European environmental protection<sup>2</sup>. Reducing requirements for traceability and accountability will also threaten the fundamental principle that the polluter pays. Changes to standards imposed through a binding trade deal undermine the ability of states to act democratically in response to national public concerns.

### **Democracy undermined**

The sovereign power of nation states will also be challenged if an investor-to-state dispute settlement mechanism (ISDS) is included in the trade deal. Such a mechanism, commonly

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<sup>1</sup> See the assessment by the Centre for Economic and Policy Research, <http://www.cepr.net/index.php/op-eds-&-columns/op-eds-&-columns/the-trade-deal-with-europe-dont-buy-the-hype>

<sup>2</sup> Treaty on the Functioning of the European Union, Article 191.2

included in bilateral trade agreements, allow corporations to sue governments for loss of revenue when government regulations are seen to affect (expected) profits. Thereby they can circumvent the national court systems and go directly to international, investor-biased, tribunals. For example, a company could sue for loss of profits if a government bans genetically modified foods or a local government bans fracking for shale gas in their area. The tobacco giant Philip Morris is currently seeking damages from Uruguay and Australia under ISDS agreements in response to public health measures to restrict smoking.

### A deal for a better future

Friends of the Earth Europe is calling for a trade deal that builds a better future through support for local economies and jobs, a cleaner environment and good social protection. A deal will only be acceptable if it places the interests of people and the environment at its heart, ahead of the interests of investors and big business.

A deal must be based on full transparency and accountability, both in the negotiating process and in delivery. Such a deal should aim at:

- Building new economies and improving lives: protect and support local economies, develop quality, fulfilling and stable jobs
- Improving life for future generations: identify environmental and social best practice as the basis for joint minimum standards, phase-out environmentally harmful subsidies and reduce the resource-use and climate-changing emissions of the EU and US to sustainable and equitable levels
- Promoting trading conditions in favour of people and environment: the interests of citizens and the environment should be central in an agreement, not the vested interests of investors and multinationals.
- Bringing transparency and accountability: the public and civil society organisations need to be able to follow and respond to what is being discussed and agreed; investors and companies need to be held accountable for their impacts on people and the environment.

Friends of the Earth Europe **rejects any attempt to de-regulate polluting industries, harmonise safety or product standards downwards, and limit future legislation to protect people or the environment.** Specifically the trade negotiations should clearly exclude:

- any form of **investor-to-State dispute settlement** mechanism
- **sanitary and phyto-sanitary measures** – i.e. any areas dealing with food safety, animal or plant health
- any attempt to compromise democracy, safety, and key pillars of EU regulations – such as the **polluter-pays and the precautionary principles.**



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Belgium (Flanders & Brussels)	Friends of the Earth
Bulgaria	Za Zemiata
Croatia	Zelena Akcija
Cyprus	Friends of the Earth
Czech Republic	Hnutí Duha
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**Friends of the Earth Europe** campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.

Friends of the Earth Europe gratefully acknowledges financial assistance of the Dutch Ministry of Foreign Affairs (DGIS) for this publication. The contents of this document are the sole responsibility of Friends of the Earth Europe and cannot be regarded as reflecting the position of the funder mentioned above. The funder cannot be held responsible for any use which may be made of the information this document contains.