

Submission to the Oireachtas Committee on Jobs, Enterprise and Innovation

RE: Transatlantic Trade and Investment Partnership (TTIP)

From: IMPACT trade union

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IMPACT trade union

IMPACT is the Republic of Ireland's largest public and services trade union. The union is an affiliate of the Irish Congress of Trade Unions (ICTU), the European Trade Union Confederation (ETUC) and Public Services International (PSI).

IMPACT represents close to 60,000 members working in hundreds of public service occupations, grades and professions in health, local government, education, the civil service, and voluntary and community organisations. IMPACT also represents members in commercial and non-commercial semi-state organisations and in some private aviation and telecommunications companies.

IMPACT and the Transatlantic Trade and Investment Partnership (TTIP)

The lives of 800 million people in the US and EU will be affected by the outcome of the TTIP negotiations. The ETUC advises that TTIP will have very significant implications for workers as it covers areas such as employment policy, social security, environmental protection, occupational health and safety protection and the protection of minority rights.

Trade unions do not oppose free trade. For example, the US trade union AFL-CIO and the ETUC, in the document *TTIP Must Work for the People, or It Won't Work at All* makes the case for TTIP: 'But only if it replaces the neoliberal, corporate agenda with an agenda of shared prosperity, respect for internationally recognised rights as well as democratic decision-making, **and a virtuous cycle of good wages driving demand and creating decent jobs.**'

IMPACT holds the view that TTIP, as it is currently constructed, is fundamentally anti-democratic and constitutes a real threat to sovereignty because it enables corporations to take governments to court, in a manner that limits the legislative powers of sovereign states. IMPACT's concern is that the balance of TTIP is tilted largely in favour of corporate interests and away from the ordinary citizen.

Of particular concern to IMPACT, as a public service trade union, is that TTIP seeks to create a less regulated trade in services. IMPACT is very firm in its view that public services should be run by EU member states exclusively in the public interest, and would caution against a

change in the regulatory environment in which those services are exposed to the possibility of privatisation.

Jobs

Much of the political argument in favour of TTIP is based on predictions of spectacular job growth. However, the inherent weakness in this claim is that it is merely speculative. Similar claims were made for the NAFTA trade agreement made between Canada, Mexico, and the United States in 1994.

The US trade union, the AFL-CIO, estimates that the US has lost about 700,000 jobs due to NAFTA. The projected job gains of TTIP are not much larger, but IMPACT shares the AFL-CIO concerns about the economic models used to predict job growth under TTIP, because it's not clear what they're based on.

In its own impact assessment, the European Commission has stated that they recognise there will be 'prolonged and substantial dislocation' of jobs under TTIP.

Because of this implication and others dealing with the workplace, the ETUC and AFL-CIO have sought the inclusion of a labour chapter and enforcement mechanisms in the treaty, hoping to create what it calls a 'gold standard' agreement which would ensure 'the improvement of living and working conditions on both sides of the Atlantic and safeguards from any attempt to use the agreement to lower standards.'

IMPACT and other unions are acutely aware of efforts by corporations to drive down employment conditions. TTIP's creation of a more liberalised trading environment has the very real potential to further drive down employment conditions, wages and workplace health and safety. Within the US, there is now a growing gap between employment conditions in so-called 'free to work' US states and elsewhere, where employment conditions are being driven down very aggressively and the right to organise workers is being actively eroded.

IMPACT shares the view of unions in the US that this pattern is corrosive and undermines the well-being of workers and their communities. TTIP has the potential to create similarly divisive and corrosive patterns in the EU, accelerating a 'race to the bottom' on wages, pensions, collective bargaining rights and workplace safety.

Public Services

One of the key elements of TTIP is the liberalisation of trade in services, with the aim of creating international competition. Services included within the scope of TTIP are health, social, education, energy, water, environmental, post, finance, telecommunications, transport and cultural services.

In addition to TTIP, IMPACT has concerns about its 'sister' agreement, the Trade in Services Agreement (TiSA). TiSA involves 50 countries, including Ireland, and covers almost 70% of the world's trade in services. Our concern is that TiSA would promote privatisation of public services like health, water and transport, and make it legally and practically difficult for governments to take services back into public control if private operators failed.

The democratic process

IMPACT shares the concerns of the international trade union movement - and other civil society groups - that the removal of regulatory measures included in TTIP will restrict the future ability of governments to legislate effectively for workplace, environmental and regulatory standards, effectively forcing all policy-makers to prioritise corporate interests in the decision-making process.

Of particular concern in this regard is the ISDS (Investor-State Dispute Settlement). The ISDS creates the potential for corporations to sue democratically-elected governments if they claim that a piece of legislation, even indirectly, adversely affects their trade and profitability. This feature enables corporate interests to limit the legislative powers of sovereign states.

In such a regulatory environment, it is not unreasonable to expect that governments might preventatively weaken environmental, social and other regulations in order to avoid being sued.

Corporations have, on this basis, sued governments in the past. Veolia sued the Egyptian government for passing a minimum-wage increase. In Australia, the Philip Morris tobacco company took legal action against the state for tobacco branding measures. The concern over ISDS is that this provision would be exercised in any instance where a corporation disapproved of the state's own regulatory framework. Of further concern is that these types of compensation claims would not take place in courts of law but in secret unaccountable arbitration.

These measures go above and beyond the property rights already enjoyed by companies and threaten democracy, labour rights and public services. There is a real and substantial risk to democratic principles if governments, afraid of being sued, have their hands tied in the creation of legislation.

Environment & safety

IMPACT has grave concerns for the proposed reduced regulatory barriers in areas like environmental legislation and safety testing for cars, foods and medicines. TTIP, in levelling the regulatory environment to create more favourable trading conditions, risks opening up the European market to lower standards of production, food safety and environmental standards, in order to match the less restricted standards that apply to these areas in the US.

Seventy per cent of all processed foods sold in US supermarkets now contain genetically modified (GM) ingredients. The EU allows virtually no GM foods. The US also has fewer restrictions on the use of pesticides and the use of growth hormones in beef production.

The EU has a more robust regulatory approach to potentially toxic substances. In Europe a company has to prove a substance is safe before it can be used, while in the US any substance can be brought on to the market and used until it is proven unsafe. By way of example, the EU currently bans 1,200 substances from use in cosmetics. In the US that figure is just 12.

Ireland is an export led economy, particularly in the agri-sector. Ireland exports 90% of its beef and 85% of its dairy produce. The unregulated environment in the US means that production costs are lower, thereby making Ireland's farming sector more vulnerable under more relaxed trading environment proposed by TTIP. This has the potential to contract Ireland's beef sector, upon which 100,000 Irish family farms rely.

Banking

Ireland has a very recent experience of a serious economic collapse, precipitated largely by poor regulation of the banking industry. IMPACT has concerns that attempts to homogenise the regulation of banking under TTIP would undermine the system of financial regulation at a time when it is still recovering from the recent economic crisis.

Privacy

The Anti-Counterfeiting Trade Agreement (ACTA), which required internet service providers to monitor people's online activity, was rejected by the European Parliament in 2012 after public concerns about privacy. TTIP has the potential to introduce similar requirements which would bypass the democratic process.

Conclusion

- IMPACT holds the view that TTIP, as it is currently constructed, is fundamentally anti-democratic and constitutes a real threat to sovereignty because it enables corporations to take governments to court, in a manner that limits the legislative powers of sovereign states.
- TTIP is a far-reaching agreement with consequences for all EU and US citizens. As it currently stands, TTIP's advantages are weighted in favour of corporate interests rather than the 800 million people whose lives will be directly affected if TTIP is agreed.

- This can only be corrected if TTIP is reconfigured to foster a virtuous cycle of good wages driving demand and creating decent jobs, and if it incorporates measures to ensure that ensure the improvement of living and working conditions on both sides of the Atlantic and safeguards from any attempt to use the agreement to lower employment standards.
- Of particular concern to IMPACT, as a public service trade union, is that TTIP seeks to create a less regulated trade in services. IMPACT is very firm in its view that public services should be run by EU member states exclusively in the public interest, and would caution against a change in the regulatory environment in which those services are exposed to the possibility of privatisation.

IMPACT trade union, 2016.