

# US and EU press ahead with secretive new trade agreement

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Last week, the European Commission published European Union proposals for legal text to be included in the Transatlantic Trade and Investment Partnership (TTIP) it is negotiating with the United States.

EU Trade Commissioner Cecilia Malmström claimed it was proof of the EU's "commitment to greater transparency in the negotiations".

The TTIP has been subject to widespread criticism for the secretive manner in which negotiations are being conducted. The eight textual proposals published relate to competition, customs, and food, plant and animal safety, among others, and are accompanied by a Readers' Guide and fact sheets. But the release is merely a device to enable the ruling elite to continue to conceal the wide-ranging implications of the trade negotiations for working people on both sides of the Atlantic.

Thus, even while Malmström boasted of the EU's "openness", she said that documents concerning market access, quotas and tariffs were "too sensitive" to publish.

The TTIP mirrors the Trans-Pacific Partnership (TPP) currently being negotiated between the US and 12 Pacific Rim countries, including Australia, Japan, Canada, Mexico, Singapore and Vietnam. Both are heralded as potentially providing greater global prosperity and, in the case of the TTIP, rescuing Europe from a deepening recession. If negotiations are successful, the TTIP would create the largest regional free-trade agreement in history.

In reality, however, the TTIP and TPP are part of the US-led offensive against China and Russia which is to be paid for by working people across the globe.

Just as the TPP is the economic equivalent of the Obama administration's "pivot to Asia", aimed at militarily encircling China, the TTIP accompanies US and EU provocations against Russia, including the build-up of NATO forces along its border.

For good reason, some have described the TTIP as amounting to the creation of an "economic NATO."

In remarks in December, Malmström stressed that TTIP "is not just another trade negotiation". She acknowledged that "traditional trade issues like market access for goods and services" was not a problem for Europe and America, where tariffs are currently extremely low—running at an average of just three percent.

It is a negotiation between "the world's two largest economies who share many common values", she said. The agreement was "strategic", she continued, because "our world is constantly changing—for worse or for better".

Citing the "dramatic success of emerging economies like China", Malmström said that the consequence "is a decline in Europe's" influence. "We can also look east", she went on. "Russia's actions in Ukraine have shown the need for a strong Europe that can support and promote our values around the world."

Malmström's remarks were prefaced with references to maintaining "high standards for global rules" and ensuring "Europe's influence outside our borders". She specifically referenced the need to encourage the US to "export its new gas supplies", achieved through fracking and off-shore drilling, which will "reduce the world's and Europe's dependence on Russian energy" and thereby give Europe the "freedom" to respond to "aggression".

"[B]y strengthening our alliance with America TTIP can renew a partnership that can help shape the world in the coming decades," she continued, based on the shared "values of democracy, the rule of law, respect for the individual and open markets".

The objective, in other words, is to consolidate an economic empire—dominated by the major transnationals and banks—able to dictate the terms to those outside and punishable by all manner of sanctions.

As Malmström made clear, the focus of the TTIP is the removal of "non-tariff barriers" to trade. All existing regulatory barriers to corporate profit—including safety

and licensing rules—are to be eliminated.

The EU text proposals include references to the “liberalisation” of postal and electronic communications networks and services, financial services, and energy and food regulation, to name but a few.

Under TTIP, corporate control over public information is to be strengthened through measures relating to intellectual property rights, while making it easier for companies to gain access to the personal data of individuals.

Under conditions in which the European bourgeoisie has been exposed as being in league with US spy agencies in mass intelligence gathering against their own citizens, the implications of such measures are vast.

The EU claims that TTIP will not adversely affect public provision, in particular state-subsidised health and education. EU governments will still have the “right to run public services just as they wish”, the release states.

Such assurances, made against the backdrop of austerity and privatisation across the continent, are worthless. The TTIP is a mechanism for further opening up public services and government procurement contracts to the corporate elite. In the UK, this has rightly raised fears of the complete dismantling of the National Health Service.

Above all, it presages a further onslaught against jobs, living standards and democratic rights which, for the bourgeoisie, constitute the greatest obstacle to profitability. The EC admits that there are “legitimate concerns” that workers will lose their jobs as a consequence of TTIP.

Some have questioned whether the TTIP will be agreed to, given the growing crisis in the euro zone and the tensions it is generating, both between member states and sections of the US and European bourgeoisie. However, whatever the differences between them, the ruling elite are committed to ensuring the untrammelled domination of the oligarchy over all aspects of economic and social life.

This is underscored by the insistence on the part of the EU and the US to incorporate Investor-State Dispute Settlements (ISDS) into negotiations. This allows companies to sue governments whose policies are deemed to have caused them to lose profits.

According to a draft text obtained by the German newspaper *Die Zeit*, published in March 2014, Article 14 of the TTIP’s proposed rules forbid governments to “directly or indirectly nationalise, expropriate or subject to measures having effect equivalent to nationalisation or expropriation” investments, unless it is done for “public

purpose; under due process of law; on a non-discriminatory basis” and provides for “effective compensation”.

ISDSs are already in place in a number of bilateral trade agreements. It is reported that there are currently approximately 500 instances of corporations suing governments for compensation.

The largest ISDS award made to date is against Ecuador which, in 2012, was ordered to pay Occidental Petroleum \$1.77 billion for terminating its oil contract.

Among the most notorious instances are:

- The Dutch health insurance company Achmea which seized €29.5 million in public funds from the Slovak Republic as “compensation” for its moves, in 2006, to restrict the powers of private firms in public health care.

- France’s Veolia which is suing Egypt for damages after it ended its contract for waste disposal in Alexandria in October 2011, claiming that the decision of the National Wage Council to try and keep salaries in line with inflation had damaged its expected profits.

- The Swedish energy company Vattenfall which is suing the German government for €6 billion over its decision to phase out nuclear power following the Fukushima disaster in Japan.

ISDS tribunals are held in secret. Comprising corporate lawyers, there is no right of appeal and there is no upper limit that can be awarded by the tribunals which can order national treasurers to compensate for policies that undermine a corporation’s “expected future profits”.



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