



TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP T T I P POTENTIAL CONSEQUENCES FOR IRELAND

Foreword by MEP Matt Carthy

The Transatlantic Trade and Investment Partnership (TTIP) may have significant implications for Ireland.

This is a discussion document on its potential impact. Its aim is to encourage debate. We want to hear views on the issues raised from all interested players and from citizens across Ireland and even, perhaps, other EU states and indeed voices from the US. Political leaders, in Ireland and Europe, must also listen to all views.

This is not a neutral document and doesn't pretend to be. Sinn Féin has huge concerns regarding TTIP from the manner in which it is being secretly negotiated to elements within the mandate which have been forced public by leaks.

Our greatest concern is the attitude and position of the Irish government. Ireland lost its veto on these matters with the ratification of the Lisbon Treaty. Therefore we need a strong vigilant Irish position to protect Ireland's interest. Unfortunately the government seem content to sleepwalk us into another bad deal.

That Minister Richard Bruton joined 13 of his EU counterparts in signing a letter to Commission President, Jean-Claude Juncker, supporting the inclusion of an Investor State Dispute Settlement (ISDS) mechanism is worrying. That he did so without any recourse to the Irish people is downright scandalous. Sinn Féin is opposed to ISDS clauses.

Sinn Féin will engage in productive dialogue with anybody that wants to secure Ireland's interest internationally.

This discussion document is my office's early contribution to that debate.

I want to thank my fellow MEP's Martina Anderson, Lynn Boylan and Liadh Ní Riada for their input and the offices of Seán Crowe TD and Peadar Tobin TD for their assistance. Thanks especially to Rachel Coyle, Political Advisor, for her ongoing work in compiling and dissecting all available data relating to TTIP.

Is mise,

Matt Carthy MEP,
1ú Nollaig 2014.

Réamhrá le Matt Carthy FPE

D'fhéadfadh impleachtaí suntasacha a bheith ag an (TTIP) Chomhpháirtíocht Trádála agus Infheistíochta Trasatlantach ar Éirinn.

Is é seo plécháipéis ar an tionchar a d'fhéadfadh a bheith aige. Is é a aidhm ná díospóireacht a spreagadh. Táimid ag iarraidh tuairimí faoi na ceisteanna a ardófar a chluinstin ó gach páirtí leasmhar agus ó shaoránaigh ar fud na hÉireann agus fiú, b'fhéidir ó stáit eile de chuid an AE agus leoga óna Stáit Aontaithe. Caithfidh ceannairí polaitiúla in Éirinn agus san Eoraip éisteacht le gach tuairim fosta.

Ní doiciméad neodrach é seo agus ní ligean sé air gurb ea. Tá imní mhór ar Shinn Féin maidir leis an TTIP ón dóigh a bhfuiltear á phlé go rúnda go eilimintí ar an taobh istigh ar b'éigean dóibh a dhul poiblí mar gheall ar sceitheadh eolais.

Is é an rud is mó a dhéanann imní dúinn nó dearcadh agus seasamh rialtais na hÉireann. Chaill Éirinn a cumhacht crosta ar na gnóthaí seo i gConradh Liospóin. Mar sin de tá seasamh coimheadach láidir Éireannach de dhíth chun leas na hÉireann a chosaint. Ar an droch uair tá an chuma air go bhfuil an rialtas sásta muid a bhuachailleacht isteach i ndroch shocrú eile.

I cúis imní é gur shínigh an tAire Richard Bruton i gcuideachta 13 eile de na mhacasamhail litir chuig Uachtarán an Choimisiúin, Jean-Claude Juncker, ag tacú le meicníocht Réiteach Díospóide idir Infheisteoirí agus an Stát (ISDS). Is dearg-scannalach é gur ndearna sé seo gan aon leas do mhuintir na hÉireann. Tá Sinn Féin i gcoinne clásail ISDS.

Rachaidh Sinn Féin isteach in idirphlé tairbheach le duine ar bith ar maith leo leas na hÉireann a chosaint go hidirnáisiúnta.

Is ionchur tosaigh ó m'óifig atá sa phlécháipéis seo ar an idirphlé sin.

Ba mhaith liom buíochas a ghabháil le mo chomhghleacaithe Martina Anderson FPE, Lynn Boylan FPE agus Liadh Ní Riada FPE as a n-ionchur agus le hoifigí Seán Crow TD agus Peadar Tobín TD as a gcuidiú. Buíochas speisialta do Rachel Coyle, Comhairleoir Polaitiúil, as a hobair leanúnach ag carnadh agus ag cíoradh iomlán eolais atá ar fáil maidir le TTIP.

Is mise,

Matt Carthy FPE,
1ú Nollaig 2014.

TTIP

The Transatlantic Trade and Investment Partnership (TTIP) is a comprehensive free trade and investment treaty currently being negotiated between the European Union and the USA. Negotiators suggest that TTIPs main objective is to remove barriers to trade and investment between the two economies. TTIP will extend beyond the removal of tariffs (traditionally associated with free trade agreements), to include the opening of markets on investment, services and public procurement.

These 'barriers' may well include some of our most prized social standards and environmental regulations. Changes to regulation through harmonisation or abolition can have negative impacts on public policy at great social cost. The Irish government is failing to take this into consideration, jumping firmly on the TTIP bandwagon without caution.

The TTIP is being peddled as the biggest bilateral free trade agreement in history with those in favour proclaiming that it will increase EU GDP by 0.5% with the creation of 400,000 jobs¹ – We see behind this rhetoric and we remember promised similar gains through the Lisbon Referendum that were never realised.

Irish context

The Irish Government is claiming that 8000 jobs could be created and GDP could increase by 1.1% through TTIP².

We have heard all the spin before - all the jobs promised through Lisbon have yet to transpire for many in Ireland or across the EU.

TTIP is aimed at stimulating trade; however, trade between the two blocs has never been better; goods worth €1.8 billion are exchanged everyday between US and EU³.

Ireland has a strong and unique alliance with America with a range of existing bilateral agreements. Irish exports to the US grew year on year by almost 1.3 per cent in 2013 to some €18.4 billion⁴.

Cynically, the government, to suit its own agenda, is drawing on best case scenario figures. It is argued that figures to support TTIP are vastly overblown and are being



used by governments to convince a sceptical electorate of the benefits of such a risky agreement⁵.

TTIP could have an adverse effect on Irish exports to the EU which account for over 60% of total exports. One study has suggested that in a deep liberalization scenario, intra-EU trade could fall by around 30 %⁶.

We are calling on the Irish government to commission an objective report to assess the benefits and risks facing Ireland as a result of TTIP.

The Irish government has been sitting on its hands and clinging hard to bloated statistics. We have heard all the rhetoric, what we need now are informed negotiators that will show leadership and ensure a fair deal for Ireland.

TTIP – What are Sinn Féin’s concerns?

1. Weakened Democracy

The European Commission is negotiating this deal on behalf of Europe.

The Lisbon Treaty gave the European Commission the power to make trade deals without input and without transparency. Further, **through Lisbon, Member states lost the power to veto** these types of agreements.

The European Parliament only has the power to reject or approve the whole deal after it has been negotiated.

The negotiations so far have been done in secret. The EU mandate document was leaked in early October and subsequently “declassified” as a result.

The EU is considered to have high regulatory standards – something which some industries have long complained about as a barrier to trade. But, these standards are in place to protect communities and consumers.

Some vested interests want TTIP to become a platform to make changes to regulation to make industry more profitable for companies. This has negative impacts on public policy at great social cost.

Ireland's Trade future is being negotiated behind closed doors by individuals who were neither elected nor accountable to Irish citizens.

The biggest threat to democracy in TTIP is the Investor State Dispute Settlement Mechanism (ISDS)

The inclusion of the ISDS mechanism in the TTIP agreements has sparked huge controversy.

This mechanism allows corporations to sue governments for loss of revenue when government regulations are seen to affect expected profits. Through ISDS companies can bypass the national court systems and go directly to international, investor-biased, tribunals. For example, a company could potentially sue for loss of profits if a local government bans fracking in their area.

Australia is currently being sued for damages by a major tobacco giant in response to public health measures to restrict smoking⁷. This has huge implications for Ireland- the government has already received a backlash from lobbyists in response to the *Public Health (Standardised Packaging of Tobacco) Bill*.

There have been several threats from companies to sue Ireland to compensate lost profits. Currently there is no mechanism for companies to do this in Ireland- with ISDS in TTIP this may no longer be the case.

Many member states, including Germany, have stated that they are opposed to ISDS inclusion⁸. Shockingly, Jean-Claude Juncker, the president-elect of the European Commission received a letter signed by 14 member states trade Ministers, **including Ireland's FG Minister Richard Bruton stating their support for ISDS in TTIP negotiations** (See appendix)⁹. It is evident that despite warnings against ISDS our own government would rather include this toxic stipulation in the deal than there be no deal at all.

The power of corporations to threaten elected governments, ignore existing legal systems and exert such influence on domestic legislation is meeting with increased opposition from civil society.

EU Ombudsman Emily O'Reilly is seeking public consultation on TTIP transparency. Unfortunately, however, the power of her remit does not extend to making amendments to the mandate or final agreement

2. "Prolonged and substantial" Unemployment

TTIP, according to the EU commission, is likely to bring "prolonged and substantial" dislocation of EU workers¹⁰.

The US has lower labour rights standards and trade union rights are much lower than in the EU. Without these rights prices can be dictated at a much lower rate as can wages.

Companies are fuelled by profits and may seek to source goods and services from the US; this could result in, what is estimated by the Rosa Luxemburg Foundation Report, up to one million displaced jobs¹¹.

The EU commission explicitly recognises the concern and advises EU member states to draw on structural funds such as the European Globalisation Adjustment Fund and European Social fund to support the unemployed¹². These funds were put in place to provide supports for unforeseen affects of Globalisation, not to permit governments to intentionally make sections of their workforces redundant.

Trade Unions across Europe and the US have united in their efforts to stop TTIP. Irish Trade Union's critical of TTIP include ICTU, Mandate and Unite.

3. Threats to Irish Farmers

Ireland's agriculture relies heavily on export- 90% of net beef output is exported according to Teagasc while 85% of dairy is exported.

While we would welcome measures to propel Ireland's agricultural exports, **Irish farmers will be going into direct competition with US farmers** following TTIP ratification.

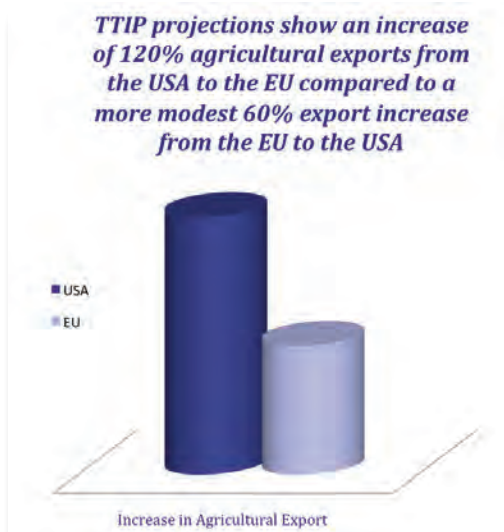
US food producers do not have the same regulations meaning their products are often cheaper albeit of lower quality.

Meat organisations such as the US Meat Export Federation have been lobbying to abolish EU bans on hormone-injected beef commonly found in the US.

The UK and Europe continue to be the largest export market for Irish beef with the UK accounting for 42% of Irish Food and Drink exports and a further 11% to the wider EU. However, reports indicate that current levels of intra EU agricultural trade will decrease as a result of TTIP^{13,14}.

Two thirds of EU beef consumption comes from dairy herds in the EU beef market. The supply of such meat is inelastic which means that in the case of higher imports, the suckler cows sector would bear all the adjustment costs¹⁵. TTIP could therefore have serious unfavourable consequences for the beef sector.

Ethanol, poultry and cereals could also be affected by imports



The Irish market could well be inundated with cheaper, poor-quality meat products, which could put pressure on our food standards and negatively hit Irish farmers already reeling from the recent beef crisis.

4. Food Safety Risks

The farm to fork policy in the EU is under threat. Regulations in the EU and US are substantially different in regards to GMOs, chemical regulations, and poultry pathogen reduction treatments.

Around 70% of all processed foods sold in US supermarkets contain genetically modified ingredients. By contrast, very little GM food is on sale in European supermarkets, and any food that does contain GM ingredients must be clearly labelled as such.

EU producers may be disadvantaged by the extra costs involved in complying with EU regulations while their US counterparts don't face such restrictions. EU standards should not be dropped to make producers more profitable and it is clear that negotiations are not going to enforce higher standards on US producers. It is a race to the bottom.



6. Threats to the Environment

Fracking

Hydraulic fracturing, or fracking, is a technique designed to recover gas and oil from shale rock. It can cause serious environmental pollution and damage fish stocks and livestock. It poses a very real risk to the success of our farming industry, and to the health and safety of rural communities, as well as undermining our tourism industry.

Through the ISDS mechanism, if contained within TTIP, the Irish government can be sued for millions of Euros for implementing any protections or bans on fracking.

A moratorium on fracking is currently in place in Ireland until the completion of a scientific survey by the Environmental Protection Agency. A similar moratorium was put in place in the province of Quebec in Canada in 2012 to allow time for a similar survey to be carried out; as a result of ISDS enshrined in NAFTA, Canada is being sued for Cdn\$250 million for potential profit loss¹⁶.

Tar Sands

Tar sands oil utilization is a dangerous and highly polluting process.

The EU's proposed Fuel Quality Directive (FQD) would discourage the use of high-emission fuels like tar sands oil. The FQD acts as a barrier to the import of tar sands oil from Canada.

As a result oil lobbyists have put enormous pressure on the EU Commission threatening EU fuel security and threatening to take action against the EU in the WTO^{17,18}.

The European Union has bowed to pressure and the FQD is set to be withdrawn after 2020. This will lead to dirtier transport fuel in Europe and the expansion of the Canadian tar sands oil trade.

TTIP has been used as a platform for US trade representatives to open the EU market to unconventional highly pollutant oil.

Conclusions

While Sinn Féin welcomes initiatives that could stimulate economic growth and job creation, we are sceptical of the overblown figures being touted.

Too often trade agreements lock in economic terms that suit the agendas of transnational companies at the cost of the societies in which they "invest".

Trade alone does not necessarily mean more production; it often means just a different supplier. The existing volume of goods sold will probably remain the same. Real growth can only be achieved through increased productivity which requires investment at member state level. In Ireland we lack the infrastructure required to benefit from increased productivity.

ISDS must be removed from the negotiations. This stipulation is based on investor protection not the protection of citizens or members states

Sinn Féin will be pushing for more transparent negotiations with an ethos of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights; the values on which the European Union was founded.

References

1. European Commission, September 2013 *Transatlantic Trade and Investment Partnership; The Economic Analysis Explained* found at http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf
2. Department of Jobs, Enterprise and Innovation, 20th June 2014 *Comprehensive EU-US agreement could lead to 1.1% increase in Irish GDP – Bruton* found at <http://www.djei.ie/press/2014/20140620.htm>
3. The Parliament Magazine, Sept 10th 2014. *EU Urged to Drop Backroom TTIP Deal* found at <https://www.theparliamentmagazine.eu/articles/news/eu-commission-urged-drop-backroom-ttip-deal>
4. EU Commission Representation in Ireland, *The EU-US Transatlantic Trade and Investment Partnership* found at http://ec.europa.eu/ireland/key-eu-policy-areas/transatlantic-trade-investment-partnership/index_en.htm
5. Ferdi De Ville Gabriel Siles-Brügge, March 2014, *The Transatlantic Trade and Investment Partnership and the Role of Computable General Equilibrium Modelling: An Exercise in 'Managing Fictional Expectations'*
6. Raza et al (2014) *ASSESS_TTIP: Assessing the Claimed Benefits of the Transatlantic Trade and Investment Partnership*
7. Australian Government Attorney General's Office *Tobacco plain packaging—investor-state arbitration* found at <http://www.ag.gov.au/tobaccoplainpackaging>
8. EurActive, October 31st 2014, *EU, US say hard to imagine trade deal without investor protection* found at <http://www.euractiv.com/sections/trade-society/eu-us-say-hard-imagine-trade-deal-without-investor-protection-309651>
9. Financial Times Brussels Blog, Oct23 2014, *Leaked letter: 14 ministers take on Juncker over trade*
10. Global Development and Environment Institute *Trans-Atlantic Trade and Investment Partnership: European Disintegration, Unemployment and Instability* Working Paper No. 14-03
11. John Hilary, Ed. Rosa Luxemburg Stiftung Büro, 2014, *The Transatlantic Trade and Investment Partnership (TTIP): A charter for deregulation, an attack on jobs, an end to democracy*
12. European Commission, March 2013 –*Commission Staff Working Paper Impact Assessment Report on the future of EU-US trade Relations* Pg. 53 Found at http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150759.pdf
13. Directorate General for Internal Policies Agriculture and Rural Development, July 2014, *Risks and Opportunities for the EU Agri-food Sector in a possible EU-US Trade Agreement* found at [http://www.europarl.europa.eu/RegData/etudes/STUD/2014/514007/AGRI_IPOL_STU\(2014\)514007_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2014/514007/AGRI_IPOL_STU(2014)514007_EN.pdf)
14. Raza et al (2014) *ASSESS_TTIP: Assessing the Claimed Benefits of the Transatlantic Trade and Investment Partnership*
15. Directorate General for Internal Policies Agriculture and Rural Development, July 2014, *Risks and Opportunities for the EU Agri-food Sector in a possible EU-US Trade Agreement* found at [http://www.europarl.europa.eu/RegData/etudes/STUD/2014/514007/AGRI_IPOL_STU\(2014\)514007_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2014/514007/AGRI_IPOL_STU(2014)514007_EN.pdf)
16. The Canadian Press 2013 *Quebec Fracking Ban Lawsuit Shows Perils Of Free Trade Deals* found at http://www.huffingtonpost.ca/2013/10/03/quebec-fracking-ban-lawsuit_n_4038173.html
17. EurActive, 2014, *The tar sands mystery and the smoking TTIP gun* found at <http://www.euractiv.com/sections/energy/tar-sands-mystery-and-smoking-ttip-gun-301552>
18. Huffington Post Sept 2013, Michael Froman *Top U.S. Trade Official, Sides With Tar Sands Advocates In EU Negotiations* Found at http://www.huffingtonpost.com/2013/09/24/michael-froman_n_3984115.html

Appendix

Letter to Trade Commissioner Malmstrom and Commission President Junker

21th October 2014

Cecilia Malmström
Commissioner-designate for Trade
European Commission
BE-1049, Brussels
Belgium

Dear Mrs Malmström,

Last June EU and US leaders launched negotiations for the biggest bilateral trade deal in history. The Transatlantic Trade and Investment Partnership (TTIP) will add over €100bn to EU GDP and has the potential to transform not just our own economies, but also the global economy.

If we are to unlock the full potential of a TTIP deal, it must be comprehensive and ambitious. That is why EU Member States agreed a far-reaching mandate as the basis for the Commission to negotiate with the US Trade Representative.

TTIP negotiations have made good progress since then. Given the scope of the potential deal, it is not surprising that TTIP has attracted considerable public debate, which we welcome. We recognise that there are legitimate concerns about the negotiations. That is why we collectively agreed, in the interests of transparency, to publish the TTIP mandate last week.

However, many of the concerns about TTIP are based on misconceptions. For example, that TTIP could undermine public services, undermine the right of national governments to regulate, or undermine EU standards on food or health and safety. The response to those criticisms - as some are calling for and tempting as it may be - should not be to jettison the difficult issues. That will lead to a lowest common denominator deal at best or no deal at all.

Europe needs to think big and demonstrate clear leadership if we are to generate the growth that we badly need and if we are to keep our place on the world stage. That means the Commission and governments across the EU working with businesses and consumer associations to tackle those myths head on.

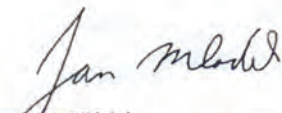
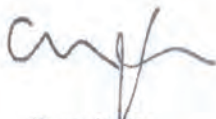
One of the issues that has attracted criticism is investment protection. The Commission is currently analysing the results of a public consultation on this issue and we look forward to the Commission's response. The consultation was an important step in ensuring that we strike the correct balance to ensure that governments retain their full freedom to regulate, but not in a way that discriminates unfairly against foreign firms. It is important that the outcome of this consultation runs its course and we carefully consider the views expressed by our stakeholders before reaching firm decisions on the way forward. The Council mandate is clear in its inclusion of investor protection mechanisms in the TTIP negotiations; we need to work together on how best to do so.

We are confident that you can achieve that goal and also secure our objectives across the whole of the mandate that the Council has provided. We will work closely with the Commission to achieve those aims.

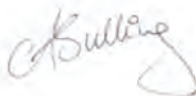
Yours sincerely



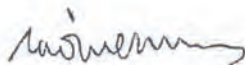
Yiorgos Lakkotrypis
Ministry of Energy, Commerce,
Industry and Tourism


Jan Miádek
Minister for Industry and Trade

Mogens Jensen
Minister for Trade
and Development Cooperation



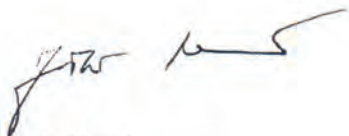
Anne Sulling
Minister of Foreign Trade
and Entrepreneurship



Jaime García-Legaz Ponce
Secretary of State for Trade



Lenita Toivakka
Minister for European Affairs
and Foreign Trade

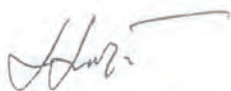


Joško Klisović
Deputy Minister of Foreign
and European Affairs



Minister for Enterprise and Innovation

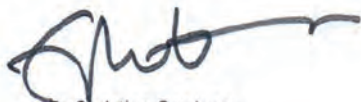
Minister for Jobs, Enterprise and
Innovation



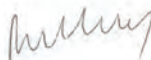
Linas Linkevičius
Minister of Foreign Affairs



Minister of Foreign Affairs



Dr Christian Cardona
Minister for the Economy,
Investment and Small Business



Bruno Maçães
Secretary of State for European Affairs



Mikael Damberg
Minister for Enterprise and Innovation

Livingston & Parkhead

Ian Livingston
Minister for State of trade
and Investment

CC: Jean-Claude Juncker
President Elect of the European Commission
Jose Manuel Durao Barroso
President of the European Commission
Karel De Gucht
Commissioner for Trade of the European
Commission



Matt Carthy MEP
Feisire de Pharlaimint na hEoropa,
10 Sráid Mhuineacháin,
Carraig Mhachaire Rois.
+353 (0) 42-9674001

Winter 2014