

# **The Commission's trade policy term**

## **A critical assessment**

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# Overview

- Main orientation of EU trade policy
- Erosion of multilateralism
- Labour standards in EU FTAs
- Investment protection vs. public interest
- Protection of public services
- Transparency & democratic legitimacy



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# Main orientation of EU trade policy

## Theory vs. practice

- TEU, Art. 3 (5) : „In its **relations with the wider world**, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the **sustainable development** of the Earth, **solidarity and mutual respect among peoples**, free and fair trade, **eradication of poverty** and the **protection of human rights**, in particular the rights of the child, as well as to the strict observance and the development of the international law, including respect for the principles of the United Nations Charter.”
- **Policy coherence:** Does EU Commission’s trade and investment policy contribute to these goals in practice?



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# Main orientation of EU trade policy

## Will external trade solve the crisis?

- “The European Union is the biggest global player in international trade and investment. The challenge in a changing world is for us to maintain and improve our position and to **trade our way out of the current economic crisis.**” (EC Communication “Trade, Growth and World Affairs”)
- **Decisive role of the internal market:** Around 88% of the final demand for goods and services from the EU comes **from the EU itself.** (Source: calculations based on AMECO database)
- EU has strong capacity and responsibility to implement a **fundamental change of policy** which aims at economically just distribution and strengthens binding social and environmental regulations  
→ within and beyond Europe

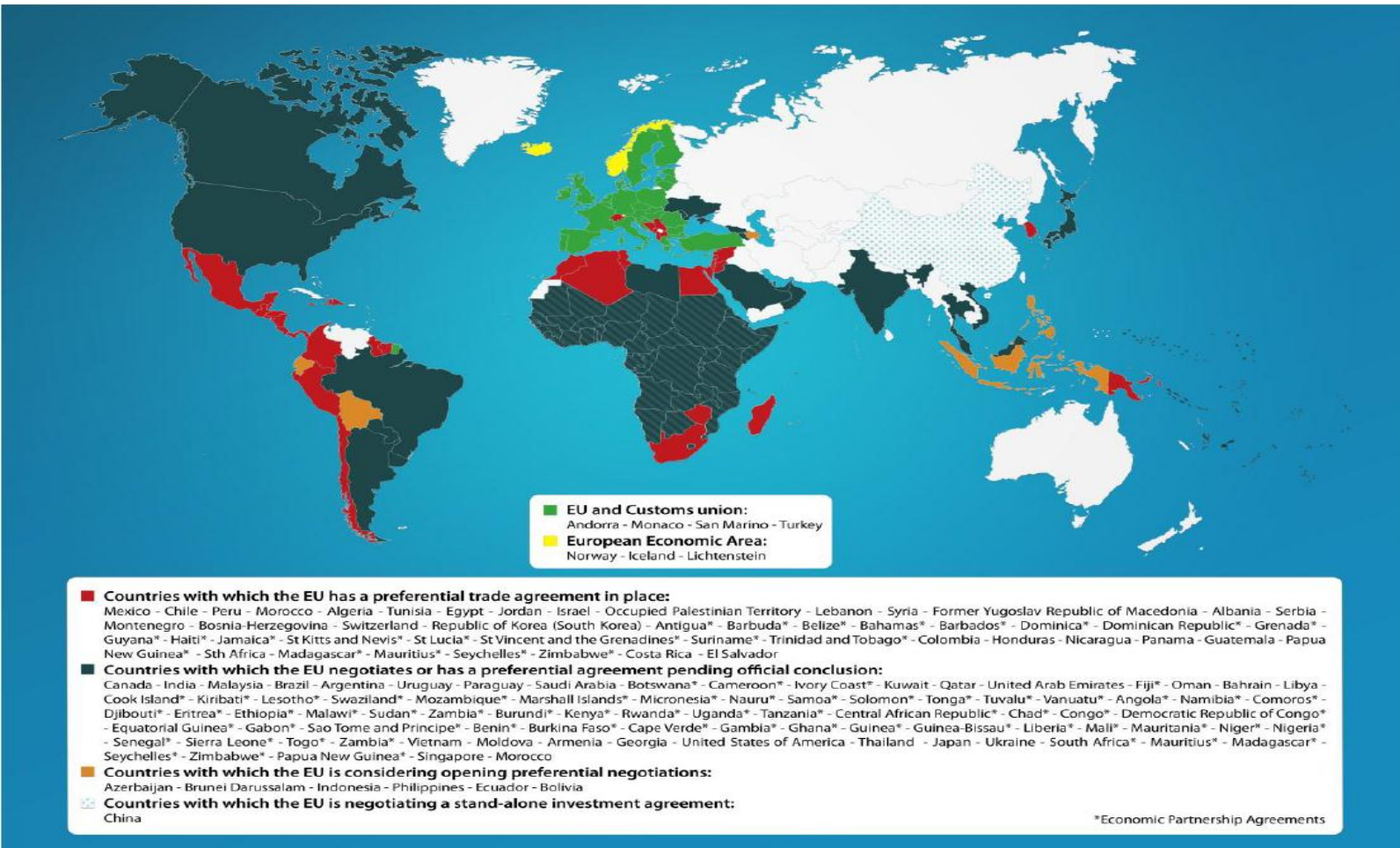


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# Erosion of multilateralism

The EU goes global – but not on a multilateral avenue



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Source: European Commission

# Labour standards in EU FTAs

## „Sustainability“ as subordinated provisions?

- Key concerns with regard to Sustainability Chapters:
- EU FTA Sustainability Chapters are not subject to **dispute settlement mechanism** of FTA, **thus not enforceable**
  - continuous violation of labour standards has to be sanctioned with **fines**
- Lack of clear and explicit obligation to **ratify, implement** and **apply** all 8 ILO Core Labour Standards (and further ILO Conventions)
- **Forum for dialogue** between FTA Parties, social partners, NGOs necessary
- FTA Parties should be obliged to react to complaints by social partners



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# Investment protection vs. public interest

## Privileged investor rights undermine democracy

### Key concerns with regard to investment protection:

- ISDS allows foreign investors to **claim compensation for democratic policy decisions** in the public interest
- **Undermining** of sovereign **public policy space**, **bypassing** of national **legal systems**
- Intransparency of arbitration tribunals; conflicts of interest of arbitrators. **No appeal possible!**
- Investment protection provisions are **vague and biased** in favour of foreign investors (e.g. indirect expropriation)
- Public consultation over investment in TTIP is not enough. The same provisions are also envisaged **in other agreements** (e.g. CETA)!  
Need for complete **policy change and rejection of ISDS.**



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# Safeguarding public services

## Pitfalls in current trade negotiations

### Key demands for the protection of public services:

- **Exclusion of public services** from trade agreements necessary
- **Safeguard existing & future policy space** to define what is considered as public service at local and national level and the desired regulation
- **Issues of concern:**
- Problematic: Use of **new offensive approaches** in current negotiations (e.g. CETA, TiSA, TTIP) in services liberalization → **need for an improvement and extension of public services exemptions**
- **Respect the „Right 2 Water“ initiative:** e.g. against the backdrop of the internal market discussion: Keep concessions for delivery of public services out of trade agreements!



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# Transparency & democratic legitimacy

## Is trade policy subject to public scrutiny?

- **Secrecy of negotiations not justified**, contradicts principles of „good governance“
- **EU negotiation mandates and documents** must be **accessible** for **broad public debate**
- Meaningful **consultations** with all **stakeholders** necessary
- **EP** has to be involved **in all stages of trade negotiations**



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