A good deal. But for whom?

The Transatlantic Trade and Investment Partnership (TTIP) could have a major impact on human health and the environment. New Scientist explains what it is – and how it affects you.

So what is TTIP?
It’s a huge trade deal currently being negotiated by the European Union and the United States. Trade between the two blocs already amounts to €1 trillion a year. If they reach an agreement, the deal will cover 45 per cent of global GDP, making TTIP the largest trade deal ever struck.

Why should I care?
Because it is likely to have an impact on your quality of life. The agreement is designed to stimulate economic activity by tearing down “barriers” to trade, ostensibly making everybody richer. Opponents, however, argue that those barriers, far from being useless red tape, exist to protect the public on issues such as health and the environment.

When will it come into force?
We don’t know. Because the talks are being carried out behind closed doors, and their outcomes kept secret, we don’t know how advanced they are. Discussions started in 2013 with the stated aim of concluding next year, but are now expected to run until at least 2017.

But it’s just another trade deal?
No. Existing trade deals – of which there are dozens around the world – mostly involve lowering taxes on imports and exports, collectively known as tariffs.

TTIP is different. Because tariffs are already very low between the EU and US, it will focus on “non-tariff” barriers, which essentially means regulations that get in the way of trade and investment.

So who’s going to benefit?
Eliminating such barriers would be good news for multinational corporations, who would like to be able to operate in both the EU and the US without the time and expense involved in complying with different regulatory regimes. Many such corporations support TTIP. It will be especially helpful for the automotive, chemical, pharmaceutical and financial services industries.

The deal’s backers say that we’ll all benefit in the long run. Their economic models predict that this liberalisation will eventually add more than $100bn a year to the combined GDP of the EU and US, as well as creating jobs, boosting wages, lowering prices and increasing choice. But critics say these numbers lack credibility and amount to no more than a PR exercise (see page XX).

And who’s going to lose out?
Many of the regulations that are likely to be targeted under TTIP are designed to protect health and the environment – for example, setting safe levels of pesticides in food, chemicals in cosmetics, and so on. Campaigners fear these will be diluted or eliminated, exposing ordinary people to greater risk for no reason other than the interests of multinationals.

Others, however, argue that those fears are exaggerated: the goal is simply to harmonise the way regulatory decisions are made and mutually recognise “different but equal” approaches (see p X). EU and US carmakers, for example, operate under different safety rules but produce equally safe cars. TTIP would make it easier for them to sell the same cars on both sides of the Atlantic.

Presumably balance will be struck?
Not necessarily. The deal is also likely to include an arbitration procedure called ISDS – the Investor-State Dispute Settlement – that allows companies to sue for compensation if a government does something that threatens their revenues, such as banning a product on health grounds, or repealing laws allowing marketisation of a public service. Similar provisions within other trade deals have produced some remarkable settlements in favour of the corporations (see page X).

Is it inevitable?
This isn’t the first time that the US and EU have tried to forge a broad trade agreement. The TTIP negotiations might fail too. But TTIP has wide support from governments, and national parliaments will only get a brief period to scrutinise the deal before being asked to ratify it.

And if they do, it’ll be hard to call anyone to account. All the documentation will be locked away for 30 years.

“The trade deal matters because it is likely to impact on wealth, health and the environment”
Harmony rules

Fears of a regulatory “race to the bottom” do not stack up, says Tracey Brown

WHEN it comes to issues such as consumer health and the environment, Europe and the US often appear to be on different planets. US farmers grow about 700,000 square kilometres of GM crops, while Europe maintains something close to prohibition. The US maintains that some endocrine-disrupting chemicals are safe; the European Union is seeking more restrictions. On these issues and more, the two blocs have come to different conclusions about how to balance risk, benefit and uncertainty. It makes trading difficult and this is something TTIP aims to resolve.

Europe’s approach is based on a “precautionary principle”. In a nutshell, that means new products and technologies are guilty until proven innocent. Anti-TTIP campaigners have warned that this principle is under attack, with negotiators preparing to accept the US’s generally laxer rules, forcing Europeans to swallow weaker regulatory protection.

This is not true. The EU is not unique in building precaution into regulation – it just has a particular way of doing it. Also when the EU and the US use such arguments to block products, it is often for protectionist reasons.

For that reason, harmonisation makes sense. The beneficiaries can be more than the corporate bogeymen of anti-TTIP activism. Who, for example, would defend a return to the wasteful and life-destroying delays of separately run clinical trials?

TTIP is intended to focus on methods rather than conclusions about safety. It is a response to years of trade disputes where the EU and the US obdurately hit each other with conflicting scientific assessments. The negotiations are designed to put a stop to this: for the first time, EU and US authorities won’t oppose each other’s scientific evidence about safety but will develop ways to recognise “equivalent” standards of assessment.

So these negotiations won’t end up destroying the precautionary principle, but they could well challenge the fact that EU regulators use it without clear criteria or accountability. This has led to a patchwork of contradictory decisions about what is tolerable. So, for example, neonicotinoid pesticides, which may have some detrimental effect on bees, are banned, while habitat destruction, which has clear detrimental effects, is not. Under regulations for GM crops, assessors are only allowed to consider the risks; under chemical regulations they look at both risks and benefits. No one has explained why. If the TTIP talks deliver clarity about how the precautionary principle will be applied, then we should welcome that as essential and overdue, whatever we think about trade liberalisation.

TTIP critics are right: there are a lot of closed doors in the EU that need to be opened. The inscrutability of its precautionary regulation is one of them.

Tracey Brown is managing director of Sense About Science, a charitable trust aiming to provide clarity for the public on scientific and medical issues.

Headline here

Beware the empty economic promises of TTIP, warn Ferdi de Ville and Gabriel Siles-Brügge

SUPPORTERS of TTIP claim the agreement will deliver much-needed growth and jobs. Karel De Gucht, the outgoing EU trade commissioner, described it as “the cheapest stimulus package you can imagine”. To UK prime minister David Cameron it is a “once-in-a-generation prize”.

At the centre of this rhetoric lie various claims about the economic impact of TTIP. These are taken from economic models produced at the behest of the European Commission. They estimate that the deal will generate an extra £139bn of GDP annually for the EU, or €545 for each family of four, by 2027 (£95bn in total and €655 per family in the US).

Not only are these figures very modest, they are fundamentally misleading. They both exaggerate the potential benefit of TTIP and downplay its potential costs.

Firstly, much criticism has been directed at the kind of modelling used. This is known as computable general equilibrium (CGE) modelling, which is used to predict how economies will react to changes in policy, such as a trade agreement.

CGE is a form of mainstream economic modelling that assumes all markets are perfectly competitive, efficient and in equilibrium. Or, in layman’s terms, that there is a buyer for every product or service, including labour. Not only is this a poor approximation of reality, but CGE models are notoriously open to bias. They can easily be

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Healthy profits?

Promoting trade may boost profits but it doesn’t make people healthier or happier, says John Middleton

The models do include estimates of “job displacement” – ranging from 400,000 to 1.1 million in the EU – but they also assume that these workers will be seamlessly reallocated to new jobs by the market. Experience suggests this is not always the case.

Promising growth and jobs and justifying the promise with economic models has been a powerful tool in the past to stifle political debate on controversial issues. No politician wants to be seen as anti-growth and anti-jobs.

It’s time we challenged this tactic so that we can have an open and constructive discussion of the real costs and benefits of TTIP.

It could also exert a “chilling” effect on future legislation in these areas, with the ISDS making governments think twice about attempting to pass new laws. If a future UK government chose, say, to accept the evidence and implement a minimum unit alcohol price, multinational drinks companies could demand compensation for lost profits.

We are also concerned that TTIP will widen existing health inequalities. Past evidence suggests the benefits of major economic change are not spread equally. There will be big winners – and big losers. Widening income inequalities over the past 40 years have been accompanied by widening gaps in health and life expectancy. Economic inequality causes health inequalities; poverty kills.

The whole idea that economic growth for its own sake is a good thing needs to be seriously challenged. GDP does not buy happiness.

It is right that there is a growing disquiet about these sinister and clandestine negotiations. If you are not already an advocate for TTIP, it is unlikely the benefits will be coming your way. If so, you should reject it and campaign vigorously to ensure it never becomes a reality.

John Middleton is vice president for policy at the Faculty of Public Health, the specialist UK body for public health