What impacts of TTIP on EU social and labour standards?

Written by Hendrik Meerkamp on 3 December 2014 in EU Monitoring
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MEPs quizz EU chief negotiator and stakeholder experts on potential social and employment aspects of the TTIP.

Please note that this does not constitute a formal record of the proceedings of the meeting. It is dependent on interpretation and acts as an unofficial summary of the debate.

On December 1 2014, the European Parliament Committee on Employment and Social Affairs (EP EMPL) and on International Trade (EP INTA) met for public hearing on employment and social aspects of the TTIP. The discussion, preceded and concluded by interventions by the EU’s TTIP chief negotiator and experts from the ILO, the ETUC, BUSINESSEUROPE, Solidar, and SME Europe, circled predominately around the potential effects of the TTIP in relation to a privatisation of public services and the creation/destruction of jobs and the quality of these. Please find below an excerpt of a summary of the debate that took place.

INTRODUCTION BY EMPL ACTING CHAIR MARITA ULVSKOG (S&D, SE) AND INTA
COMMITTEE CHAIR BERND LANGE (S&D, DE)

Marita Ulvskog (S&D, SE) welcomed the panellists, committee members, and attendants of the hearing, saying that she harbours great hopes in the TTIP in relation to overall economic benefits but that at the same time she has major concerns about a number of costs that it may bring about in certain fields and for certain actors – and that it is the purpose of the hearing to inquire further into any of such potential costs.

Bernd Lange (S&D, DE) followed up on Ms Ulvskog, saying that it is especially important to assess the potential effects of the TTIP on employment and workers’ rights and to then set the right conditions for these to be protected adequately. In this context, he stressed that:

- the TTIP must not just about “tearing down” trade barriers but about achieving sustainable development, too, and that therefore a special sustainability chapter in the TTIP is vital.
- the TTIP must also provide for the respect of the ILO’s eight fundamental conventions,* of which the USA has so far only ratified two.

He added that investments are to be seen in the same context as trade: that they are important to be boosted in principle but that they must not compromise on labour rights and corporate social responsibility (CSR).

PRESENTATION BY IGNACIO GARCIA BERCERO, EU CHIEF NEGOTIATOR

Ignacio Garcia Bercero, EU TTIP chief negotiator, delivered a state of play on the current TTIP negotiations, focussing on the social and employment aspects of it. In this context, he made the following main points:

- Given that the TTIP will boost trade of the EU with the USA, he said, the TTIP will necessarily be positive for jobs and growth in the EU – even though it cannot yet be established for sure how many jobs will be created. He specified that “the more we succeed in TTIP to expand transatlantic trade, the more we will contribute to job creation in the EU”;
- He declared that the EU-Canada CETA agreement provides useful “pointers” as to what the level of ambition of TTIP can be in relation to aspects of market access, tariffs, services, and procurement. He recalled that CETA is “ambitious” but excludes the audio-visual sector and stressed “certain services” should be provided for by the public sector. He also underscored the importance that TTIP will secure non-discrimination in public procurement and the protection of geographical indications.
- With regards to health, environmental, and social rights in particular, he highlighted that while TTIP aims to achieve greater regulatory compatibility and less red tape between EU and USA (in order to avoid, for example, economically burdensome and trade-inhibiting duplications of similar inspections first by the EU and then by the USA of cars, medical devices, pharmaceuticals, and food products), it will ensured that the EU side keeps its regulatory autonomy and that, moreover, no provisions in TTIP will compromise on social and environmental and health rights. He went as far as saying that the “strong protection of labour rights” is always important and that in this context a special sustainable development chapter is important to be included in the TTIP. He added that the respect for the ILO standards is crucial, too, and that it is desirable to even go beyond them, as done in CETA, when it comes to aspects of decent work and occupational health and safety.
- He stressed the importance of having a strong role and active involvement of organised civil society in TTIP. In this context, and referring to CETA as a benchmark again, he said that already the CETA saw advisory groups on both sides and saw the creation of a joint civil society forum on the implementation of its sustainable development chapter. He indicated to be in favour of stretching the role of organised civil society to the regulatory chapter, too.
Mr Garcia Bercero concluded by saying that the EU and the USA have been in intensive discussions on the TTIP during the last year and that before next negotiating round there should be a concrete proposal on a TTIP sustainability chapter available, which will be made available to the public following an internal consultation with the European Parliament and the EU Member States.

PRESENTATION BY MARVA CORLEY-COULIBALY, SENIOR ECONOMIST ILO RESEARCH DEPARTMENT

Marva Corley-Coulibaly, Senior economist, ILO Research department, held a presentation not specifically on TTIP but on trade agreements in general entitled ‘Labour provisions in trade agreements: The role of the ILO’. This presentation was based on an ILO research report on ‘The social dimension of free trade agreements’ publication.

In her presentation, Ms Corley-Coulibaly gave an overview over the evolution of labour provisions in trade agreements globally and of the role of the ILO in the facilitation of the adoption and implementation of these.

Please follow this link to access the full presentation to find out in more detail about this.

PRESENTATION BY TOM JENKINS, SENIOR ADVISOR, ETUC

Tom Jenkins, Senior Advisor, ETUC, said that he is not against free trade per se but that ETUC has a number of red lines in relation to its promotion, especially in relation to TTIP. In this context, he noted, most notably, that:

- public services must be excluded from TTIP;
- labour and social rights established in the EU must be “deep” in the body of the TTIP agreement and maintained through an according enforceable chapter;
- it will be important to have mechanism in place to comfort the losers of TTIP in Europe – for example through a beefed-up European Globalisation Adjustment Fund structure– given that TTIP will necessarily lead to a certain structural change in Europe, thereby putting people of certain sectors or groups out of work. In this context, he recalled that there is in fact still “a big question mark” as to how many new jobs would be created through TTIP in the EU (if any at all and if of actually good quality) in order to compensate jobs lost;
- it should be considered to “treat separately” regulatory coherence from market access, especially if it seems that the USA wants to trade off aspects of regulatory coherence with market access;
- it must be ensured that investors will to stick to international agreements of the field.
- there must a positive list commitments to safeguard social aspects in services (which states what is allowed) as opposed to a negative list (which lists what is not allowed but may miss to foresee future developments and thereby contain loopholes in the long run).
- ILO standards in relation to public procurement should be ensured in TTIP;
- a no-regression clause for regulatory coherence will be vital
- in relation to the much-debated investor-state dispute settlement (ISDS) mechanism, it is important that aspects labour conditions will be settled by “the normal labour dispute settlement of the agreement.”
- it is important that the TTIP will lead to a continuous improvement of standards, which includes that the USA will not only ratify the eight fundamental ILO conventions but that they are also implementing them in an encompassing manner.

He also said that when he hears the European Commission saying ‘red tape’, he thinks immediately of ‘red lines’ for him.
He concluded by calling for an enforceable TTIP that includes a strong sanction mechanism.

PRESENTATION BY LUISA SANTOS, DIRECTOR, INTERNATIONAL AFFAIRS BUSINESSEUROPE

Luisa Santos, Director, International affairs, Businesseurope, did not go in much detail substance-wide, saying vaguely that the TTIP is unanimously supported by businesses (which was, according to her, not the case for all previous EU trade agreements) because it will attract necessary investments to the EU (thereby helping it to compete “with other locations outside Europe that in some areas are currently more attractive than the EU”) and because it is “a tool for jobs”.

She then said that TTIP will never make sure that everybody has the same labour conditions everywhere because the contexts are so different across countries and countries should continue to be able to apply their own legislation. However, she admitted that she is in favour of quality jobs and that countries should not degrade their labour or environmental standards specifically to become more attractive for investments. She also said that corporate social responsibility (CSR) is a big concern of businesses and that they try to boost it in whatever country they operate but that limitations are sometimes set by the local circumstances or national legislation – and that therefore CSR provisions in TTIP should be limited to a voluntary exercise.

She concluded by saying that mechanical sanctions are not the best way to effectively implement labour clauses and environmental clauses in TTIP but that constructive dialogue on the topic and an involvement of organised civil society groups may achieve more effective results.

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About the author

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