



November 2013

# TOP 10

## Threats of the Trans-Atlantic 'Trade' Deal to Americans' Daily Lives

A “trade” deal only in name, the Trans-Atlantic Free Trade Agreement (TAFTA), which corporate proponents have tried to rebrand as the Transatlantic Trade and Investment Partnership (TTIP), would require the United States and European Union (EU) to conform domestic food and product safety standards, financial regulations, climate policies, data privacy protections and other non-trade policies to TAFTA rules – rules being negotiated in secret.

These backdoor negotiations could also force state and local governments to weaken health and safety standards and give up long-standing tools for local job creation. With national politics gridlocked, this is not the time to tie the hands of state and local governments searching for ways to spur economic growth.

Equally troubling, corporate trade advisors are working to empower foreign corporations to skirt domestic courts and directly challenge national, state and local policies before extrajudicial tribunals that can force taxpayers to pay tens of millions of dollars if they decide the policies violate the prospective agreement’s sweeping corporate protections.

TAFTA negotiations focus on demands by large corporations on both sides of the Atlantic to remove consumer and environmental safeguards that they dub as “trade irritants.” TAFTA rules are being negotiated behind closed doors. About 600 official U.S. corporate trade advisors are being provided access to documents and decision-makers, while the public and press are locked out.

Some products and services that do not meet U.S. health and safety standards could be allowed into our markets; other provisions could require U.S. regulations to conform to new trans-Atlantic standards negotiated to be more convenient to business, instead of standards developed by state and national laws over decades.

These constraints on U.S. domestic policy would be binding. Once TAFTA took effect, even if public opinion came out strongly against the weakening of safeguards or if the federal government

changed, TAFTA’s terms could only be altered if all signatory nations agreed. Failure to comply with the new rules could result in trade sanctions against the United States or orders to compensate firms that claimed their newly established rights were violated.

Here are the ten biggest threats that TAFTA poses to U.S. consumers, workers and the environment:

**Some products and services that do not meet U.S. health and safety standards could be allowed into our markets; other provisions could require U.S. regulations to conform to new trans-Atlantic standards negotiated to be more convenient to business, instead of standards developed by state and national laws over decades.**

## 1 Attacks by foreign corporations on our local, state, and federal policies



Flickr Photo/Mike Baker

European-based corporations that own more than 24,000 subsidiaries<sup>1</sup> in the United States would be empowered to bypass U.S. courts and directly challenge the U.S. government before foreign tribunals. Comprised of three private attorneys, the extrajudicial tribunals would be authorized to order taxpayer compensation for public interest policies that European corporations claim undermine their TAFTA investor rights. Foreign companies have used such privileges in past “trade” deals<sup>2</sup> to attack renewable energy policies, bans on toxins, medicine patent standards, financial regulations and land-use and other non-trade policies, extracting \$3.5 billion so far from taxpayers under U.S. deals.

## 2 Rollback of financial reforms

EU negotiators have explicitly called<sup>3</sup> for TAFTA to roll back Wall Street reforms with new “disciplines”<sup>4</sup> that would limit the regulation of banking, securities and insurance. They have explicitly targeted the Volcker Rule (a ban on hedge-fund-style trading<sup>5</sup> by commercial banks), the Federal Reserve’s proposed rules for foreign banks, and state-level regulation of insurance. U.S. negotiators, advised by Wall Street banks, have also proposed TAFTA rules that conflict with proposals<sup>6</sup> to ban toxic derivatives, limit the size of too-big-to-fail banks, enact financial transaction taxes and reinstate the Glass-Steagall Act.



Flickr Photo/Aaron Bauer

## 3 Tainted milk

European agribusiness corporations have listed U.S. safety standards for Grade A milk as an “obstacle”<sup>7</sup> that they hope can be removed via TAFTA. The European Association of Dairy Trade acknowledges that the standards “were devised as a means of addressing the risk of food borne illnesses,” but the industry group hopes the standards can be weakened because the process for complying with them “is both highly cumbersome and expensive.”

# 4 Dirty fuel



Flickr Photo/Argonne National Laboratory

BusinessEurope, representing European oil corporations such as BP, has asked that TAFTA ban tax credits for alternative, more climate-friendly fuels<sup>8</sup> like algae-based and other emerging fuels that reduce carbon emissions. The corporations openly state, “US fuel tax credits and Cellulosic Biofuel Producer Credit should become impossible in the future.”

# 6 Invasion of data privacy

U.S. technology and communications corporations have bluntly asked that TAFTA make it easier for them to gather our personal information – mobile, location, social, PC and offline – and data mine it to create ongoing tracking and targeting profiles of consumers. Firms do not want meaningful privacy safeguards that would put consumers’ information off limits.



Flickr Photo/Aaron Fulkerson

The U.S. Council for International Business, which includes corporations like Verizon that have handed U.S. citizens’ personal data to the National Security Agency en masse, has stated that TAFTA “should include commitments that data can flow unimpeded across borders<sup>10</sup> except for limited and well-defined public policy exceptions. The agreement should seek to circumscribe exceptions, such as security and privacy, to ensure they are not used as disguised barriers to trade.”

# 5 Unsafe medicines

European pharmaceutical manufacturers have called for the U.S. Food and Drug Administration to relinquish its current responsibility to independently approve the safety of medicines sold in the United States. They propose that the U.S. government automatically accept a European determination<sup>9</sup> that a drug produced in Europe is safe for U.S. consumers.



Flickr Photo/Grumpy-Puddin

## 7 Loss of local job creation through “Buy Local” rules



Flickr Photo/stu\_spivack

## 8 Unlabeled genetically-modified food

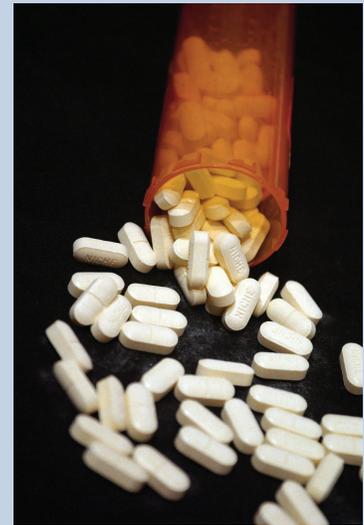
About half of U.S. states now have legislation to label food<sup>13</sup> containing genetically-modified organisms (GMOs). Unable to stop this trend domestically, GMO-producing firms like Monsanto<sup>14</sup> are pushing for TAFTA to quash GMO labels. The National Confectioners Association bluntly states, “US industry also would like to see the US-EU FTA achieve progress in removing mandatory GMO labeling<sup>15</sup> and traceability requirements.” The TAFTA rules advocated by U.S. firms to roll back EU regulation of GMOs could be used to counter the increasing moves by U.S. state legislatures and federal regulators to label genetically-modified food.<sup>16</sup>



Flickr Photo/De Cora

## 9 Expensive medicines

The Pharmaceutical Research and Manufacturers of America (PhRMA), the powerful lobby group for U.S. pharmaceutical corporations like Pfizer, is pushing to limit the ability of the U.S. and EU govern-



Flickr Photo/Ano Lobb

ments to negotiate lower health care costs<sup>17</sup> for taxpayer-funded health care programs through TAFTA. The U.S. government uses such measures<sup>18</sup> to lower medicine costs for veterans and others. The Obama administration has proposed to do the same to limit rising Medicare costs.

# 10 Dangerous toys

European toy corporations (represented by the Toy Industries of Europe) have recognized that there are differences between EU and U.S. toy safety regulations, including “flammability, chemical and microbiological hazards.”<sup>19</sup> However, their stated goal is for U.S. parents to trust the safety of toys inspected abroad. The corporations hope to use TAFTA to overcome what they “expect” to be consumers’ “strong reluctance to accept the methods and requirements applying in [sic] the other side of the Atlantic.”

**For more information, visit [www.citizen.org/tafta](http://www.citizen.org/tafta)**

## Endnotes

1. See: <<http://www.uniworldbp.com/template1.php>>.
2. "Table of Foreign Investor-State Cases and Claims Under NAFTA and Other 'Trade' Deals," Public Citizen, August 2013, available at: <<http://www.citizen.org/documents/investor-state-chart.pdf>>.
3. Jamila Trindle and Tom Fairless, "U.S. Wants Financial Services Off Table in EU Trade Talks," Wall Street Journal, July 15, 2013, available at: <<http://online.wsj.com/news/articles/SB10001424127887323394504578607841246434144>>.
4. Directorate-General for Trade, "Note for the Attention of the Trade Policy Committee," European Commission, June 21, 2013, available at: <<http://www.iatp.org/files/TPC-TTIP-non-Papers-for-1st-Round-Negotiations-June20-2013.pdf>>.
5. See: <<http://ourfinancialsecurity.org/tag/volcker-rule>>.
6. "Trade Agreements Cannot be Allowed to Undermine Financial Reregulation," Public Citizen, available at: <<http://www.citizen.org/documents/FinanceReregulationFactSheetFINAL.pdf>>.
7. "EU-US Regulatory Issues for possible future trade agreement," European Association of Dairy Trade, available at: <[http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/18-european-association-of-dairy-trade\\_en.pdf](http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/18-european-association-of-dairy-trade_en.pdf)>.
8. See comments submitted to the Office of the U.S. Trade Representative, available at: <<http://www.regulations.gov/contentStreamer?objectId=09000064812d8370&disposition=attachment&contentType=pdf>>.
9. "Proposals for the EU-US High Level Working Group (HLWG) for Jobs and Growth and the High Level Regulatory Cooperation Forum (HLRCF)," Active Pharmaceutical Ingredients Committee, European Fine Chemicals Group and Society of Chemical Manufacturers and Affiliates, October 2012, available at: <[http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/1-apic-cfcg-socma\\_en.pdf](http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/consultation/regulation/1-apic-cfcg-socma_en.pdf)>.
10. See comments submitted to the Office of the U.S. Trade Representative, available at: <<http://www.regulations.gov/contentStreamer?objectId=09000064812d9c93&disposition=attachment&contentType=pdf>>.
11. "How Overreaching 'Trade' Pact Rules Can Undermine Buy American Procurement Policies," Public Citizen, available at: <<http://www.citizen.org/documents/buy-american.pdf>>.
12. Directorate-General for Trade, "Note for the Attention of the Trade Policy Committee," European Commission, June 21, 2013, available at: <<http://www.iatp.org/files/TPC-TTIP-non-Papers-for-1st-Round-Negotiations-June20-2013.pdf>>.
13. See: <<http://www.centerforfoodsafety.org/issues/976/ge-food-labeling/state-labeling-initiatives#showJoin>>.
14. See comments submitted to the Office of the U.S. Trade Representative, available at: <<http://www.regulations.gov/contentStreamer?objectId=09000064812d9831&disposition=attachment&contentType=pdf>>.
15. See comments submitted to the Office of the U.S. Trade Representative, available at: <<http://www.regulations.gov/contentStreamer?objectId=09000064812d9c960&disposition=attachment&contentType=pdf>>.
16. Helena Bottemiller, "With Recent Victories, Movement to Label GMOs Gains Steam," Food Safety News, June 27, 2013, available at: <<http://www.foodsafetynews.com/2013/06/movement-to-label-gmos-gaining-steam/#.Ujm2TcamjuQ>>.
17. See comments submitted to the Office of the U.S. Trade Representative, available at: <<http://www.regulations.gov/contentStreamer?objectId=09000064812d9cad&disposition=attachment&contentType=pdf>>.
18. Todd Tucker, "Proposed Trans-Pacific Partnership Rules Could Undermine Drug Cost Containment Provisions of Medicare, Medicaid and Veterans' Health, Hurting Seniors, Military Families and the Poor," Public Citizen, June 14, 2012, available at: <<http://www.citizen.org/documents/TPP-drug-cost-memo.pdf>>.
19. "TIE and TIA comments Regarding Toy Standards Alignment Relevant to the Proposed EU-US Trade Agreement," Toy Industries of Europe and Toy Industry Association, June 10, 2013, available at: <[http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/2013-tia-eu-us-trade\\_agreement\\_en.pdf](http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/files/2013-tia-eu-us-trade_agreement_en.pdf)>.