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Report on Secretive EU Trade Deals Reveals A Corrupt and Fraudulent Programme of Privatization

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Public services in the EU are under threat from transatlantic trade agreements that could endanger citizens' rights to basic services like water, health, and energy for the sake of corporate profits, according to a new report released today by an international group of NGOs and trade unions.

The study shows how the EU's Comprehensive Economic and Trade Agreement (CETA) deal with Canada, and the Transatlantic Trade and Investment Partnership (TTIP) under negotiation with the US, could lock public utilities into irreversible commercialisation and remove governments' ability to regulate services.

Exposing systemic collusion between big business and European Commission officials in drawing up CETA and TTIP, the report shows how negotiators are doing the work of the EU's most powerful corporate lobby groups in pushing an aggressive corporate agenda of far-reaching market opening in the public sector.

Pia Eberhardt, researcher and campaigner with lobby watchdog Corporate Europe Observatory:

> "Corporate lobby groups have their fingerprints all over CETA and a similarly dangerous agenda is being pursued in the ongoing TTIP talks. The consequences include proposals for excessive investor rights which mean corporations could sue governments for regulations that affect their profits, potentially leading to multi-billion Euro payouts in compensation. Citizens must come together to stop this!"

Jan Willem Goudriaan, general Secretary of the European Federation of Public Service Unions (EPSU):

> "The corporate sector is pushing an agenda that threatens citizens and workers as a vast array of public services are set to be subject to liberalisation under the provisions of these agreements. What is at stake is our right to vital services, and the ability of public services to function in the public interest."

The report states that what is at stake is our right to vital services and more; it is about our ability to steer services of all kinds to the benefit of society at large. If left to their own course, trade negotiations will eventually make it impossible to implement decisions for the common good. As long as TTIP and CETA do not protect the ability to regulate in the public interest, they must therefore be rejected.

The report highlights the aggressive agenda of corporations with regards to TTIP and CETA. And it shows how those in charge of EU trade negotiations are rolling out the red carpet for the services industry, with both the consolidated CETA agreement published in September 2014, as well as drafts of TTIP chapters and internal negotiation documents that reflect the wishlists of corporate lobbyists.

The key findings:

1. TTIP and CETA are being influenced by the EU's most powerful corporate lobby group BusinessEurope and the European Services Forum, a lobby outfit bringing together business associations as well as major companies such as British Telecommunications and Deutsche Bank.

2. The European Commission actively stimulates business lobbying around its trade negotiations. In other words, there is systemic collusion between the Commission and business circles.

3. CETA is set to become the first EU agreement with the 'negative list' approach for services commitments: all services are subject to liberalisation unless an explicit exception is made. The same could happen in TTIP.

4. Big business has successfully lobbied against the exemption of public services from CETA and TTIP as both agreements apply to virtually all services. This effectively limits the governmental authority exemption to a few core sovereign functions such as law enforcement, the judiciary, or the services of a central bank.

5. Under investor-state dispute settlement (ISDS), thousands of US and Canadian corporations (as well as EU-headquartered multinationals structuring their investments through subsidiaries on the other side of the Atlantic) could sue the EU and its member states over regulatory changes in the services sector diminishing corporate profits, potentially leading to multi-billion euro taxpayer payouts in compensation.

6. The different reservations and exemptions in CETA and TTIP are inadequate to effectively protect the public sector and decision making over how to organise it.

7. The European Commission follows industry demands to lock in present and future liberalisations and privatisations of public services. This could threaten the growing trend of remunicipalisation of water services, energy grids and transport services. A roll-back of some of the failed privatisations of the UK's National Health Service (NHS) to strengthen non-profit healthcare providers might be seen as violations of CETA/TTIP – as might nationalisations and re-regulations in the financial sector such as those seen during the economic crisis.

8. Giving in to corporate demands for unfettered access to government procurement could restrict governments' ability to support local and not-for-profit providers and foster the outsourcing of public sector jobs to private firms, where staff are often forced to do the same work with worse pay and working conditions.

9. Both CETA and TTIP threaten to liberalise health and social care, making it difficult to adopt new regulations in the sector. The UK's TTIP services offer explicitly includes hospital services. In the CETA text and recent TTIP drafts no less than 11 EU member States

liberalise long-term care such as residential care for the elderly (Belgium, Cyprus, Denmark, France, Germany, Greece, Ireland, Italy, Portugal, Spain, and the UK).

10. The EU's most recent draft TTIP services text severely restricts the use of universal service obligations (USOs) and curbs competition by public postal operators, mirroring the wishes of big courier companies such as UPS or FedEx. USOs such as daily delivery of mail to remote areas without extra charges aim at guaranteeing universal access to basic services at affordable prices.

11. TTIP and CETA threaten to limit the freedom of public utilities to produce and distribute energy according to public interest goals, for example, by supporting renewables to combat climate change. Very few EU member states have explicitly reserved their right to adopt certain measures with regard to the production of electricity and local energy distribution networks in the trade deals.

12. The US is eyeing the opening up of the education market via TTIP – from management training, and language courses, to high school admission tests. US education firms on the European market such as Laureate Education, the Apollo Group, and the Kaplan Group could benefit as much as German media conglomerate Bertelsmann, which has recently bought a stake in US-based online education provider Udacity.

13. The US film industry wants TTIP to remove European content quotas and other support schemes for the local film industry (for example, in Poland, France, Spain, and Italy). Lobby groups like the Motion Picture Association of America (MPPA) and the US government have therefore opposed the exclusion of audiovisual services from the EU's TTIP mandate, fought for by the French Government. They are now trying to limit the exception as much as possible, for example, by excluding broadcasting from the concept of audiovisual services – seemingly with the support of EU industry groups like BusinessEurope and the European Commission.

14. Financial investors such as BlackRock engaged in European public services could use TTIP and CETA provisions on financial services and investment protection to defend their interests against 'burdensome' regulations, for example, to improve working conditions in the long term care sector. Lobby groups like TheCityUK, representing the financial services industry based in the UK, are pushing heavily for a "comprehensive" TTIP, which "should cover all aspects of the transatlantic economy".

15. US services companies are also lobbying for TTIP to tackle 'trade barriers' such as labour regulations. For example US company Home Instead, a leading provider of home care services for seniors operating franchises in several EU member states, wants TTIP to address "inflexible labour laws" which oblige the firm to offer its part-time employees "extensive benefits including paid vacations" which it claims "unnecessarily inflate the costs of home care".

The full report can be accessed here.

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