

# **New EU trade deals would harm consumers, the environment and democracy**

Tuesday 3 April 2018, by [Foodwatch](#) (Date first published: 7 February 2018).

## **New EU Trade deals would harm consumers, the environment and democracy**

The European Union is currently negotiating a series of new free trade agreements that would have a negative impact on consumer rights, environmental standards and democratic principles. These are the findings of a report from the organisations PowerShift and foodwatch. According to the report, the EU trade deals that are being planned with Mexico, Indonesia, Japan and other countries include many of the same controversial elements as the shelved TTIP agreement with the U.S. and the provisionally-applied CETA agreement with Canada: for example, investor-state dispute-settlement clauses and the weakening of the precautionary principle in the context of consumer and health protection.

### **Negotiations hidden from public scrutiny**

foodwatch and PowerShift criticize the fact that, in spite of the associated risks, the negotiations are being hidden from public scrutiny. In most cases, not even the negotiating mandates have been made public. foodwatch is calling on the EU to halt negotiations and overhaul its trade policy.

“The EU has learned nothing from the protests against TTIP and CETA. Consumer protection, environmental standards and democratic principles are being sacrificed on the altar of free trade - at the expense of people in Europe and at the expense of people in the partner countries.”

foodwatch International’s Executive Director Thilo Bode

The European Commission should stop its negotiations immediately because not only do the planned agreements go far beyond the elimination of customs duties but there is also a real risk that consumer and environmental protection standards could be lowered or “locked in” at low levels. foodwatch is not opposed to trade - but trade should serve the public interest, not only the interests of corporations.

### **Report investigates five EU trade deals**

The report “Trade at Any Cost?”, which was prepared by the organisation PowerShift on behalf of foodwatch, investigates five EU trade deals that have received little public attention to date: with Japan, Vietnam, Indonesia, Mexico and the South American trade bloc comprising Brazil, Argentina, Uruguay and Paraguay (Mercosur). In some cases, the negotiations are already far advanced, and in others they are still in the early stages. Many of the highly controversial elements of TTIP and CETA have been integrated in the new agreements with few if any changes:

- None of the agreements contain provisions safeguarding the European precautionary principle. Instead, they refer to the legal obligations of the World Trade Organisation (WTO), which do not reflect the precautionary principle as practised in Europe. In simplified terms this means that a substance should be approved until sufficient evidence of harm is established.

The precautionary principle, on the other hand, shifts the burden of proof onto the proponent or developer: for example, a company that would like to earn approval for a chemical product would first have to provide scientific evidence for its safety. In cases of potential risk, governments in Europe are required to take preventive action if there are reasonable grounds for concern.

- The free trade agreements provide for the establishment of committees that have the power to make far-reaching changes – without sufficient scrutiny or democratic control by parliaments. Similar mechanisms in the CETA agreement are the subject of a constitutional complaint in Germany.
- The agreements with Vietnam, Indonesia and Mexico would give companies extensive rights via investor-state dispute settlement – a type of parallel justice system that allows corporations to sue governments for regulatory measures.
- All of the planned agreements go far beyond traditional trade issues, e.g. the expansion of market access and lowering of protective tariffs. Like other “new generation” free trade agreements, e.g. TTIP and CETA, they also target the elimination of so-called non-tariff trade barriers. These can include regulations on environmental, health and consumer protection. The trade agreements could lower or lock in standards, making it impossible for the trading partners to unilaterally introduce stricter or improved standards in the future.

“Just like TTIP and CETA, the new trade agreements cover not only the lowering of customs duties but also consumer rights and environmental protection standards – as well as the question of how and by whom decisions about these standards will be made in the future.”

Thomas Fritz of PowerShift (one of the authors of the study)

### **Predictions about the extent of negative impacts**

The researchers were able to make concrete predictions about the extent to which the planned agreements could have negative impacts on environmental and consumer protection, agriculture, nutrition and food safety. The following are three examples of findings from the report:

- Meat imports / South America: A free trade agreement with the Mercosur bloc of countries would allow South American exporters greater access to the European market for agricultural products. For example, Brazilian meat producers, who produce massive quantities of meat very cheaply, would be able to significantly increase their exports and production – with severe consequences for the environment: in Brazil the majority of livestock farming takes place on cleared rainforest lands.
- Pesticides / Japan: In Japan, more pesticides are used than in the European Union. If a free trade agreement were signed, imported food products with higher pesticides residues could enter the European market. As a result, the precautionary principle, which is actually enshrined in EU law, would be effectively undermined.
- Palm oil cultivation / Indonesia: Indonesia is the world’s largest producer of palm oil. Roughly 10% of its exports go to the EU – for use in foods, cosmetics and biodiesel. The country is hoping to further increase its exports to Europe through the removal of trade barriers. Cultivation could be expanded – which would lead to significantly higher greenhouse gas emissions, because new palm oil plantations are often created through the burning of peatlands. Officially, the EU promotes sustainable palm oil cultivation – but only through voluntary initiatives. The German federal government has proposed that a requirement for more environmentally friendly cultivation be included in the trade deal as a condition for the dismantling of trade barriers. In the past, however, the European Commission has always rejected such possibilities for imposing sanctions. Furthermore, the Trade and Sustainable Development chapter for the Indonesian agreement does not provide for enforceable

measures.

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