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GLOBAL CONTRIBUTIONS TO BROADEN THE DEBATE ON THE EU-US FREE TRADE AGREEMENT

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Abstract: The TAFTA | TTIP agreement, if approved, will significantly intensify the economic cooperation and trade between two of the most developed and powerful actors of the world, the United States of America and the European Union. As such, it will modify the current political, but also economic scenario, and this in the context of worldwide climate change and the overconsumption of natural resources. It could even lead to a new global paradigm. Saying this, the question is, whether it can be guaranteed that the TAFTA | TTIP agreement will be strong and sustainable in the medium and long term also from an environmental point of view. Or whether it will require more energy and resources and therefore contribute to the future costs of climate change – and therefore be unsustainable.

THE CRITICAL ENVIRONMENTAL BACKGROUND

Is the TAFTA | TTIP agreement considering the delicacy of this moment in which the latest report of the Intergovernmental Panel on Climate Change (IPCC) released on 27 September, 2013, urges a global response to the clear message from scientists that climate change is human-induced and asks for significant action to cut emissions? It does not seem to be the case. If so, would the political leaders opt for intensified trade over thousands of kilometers (Berlin, for example, is 9000 kilometers away from Los Angeles)?

This article calls for the urgent need to analyze the possible impact of the agreement in environmental terms, both at a local and global level. Nobody can say for sure whether the agreement on TAFTA | TTIP will be approved in the end, in which terms, what kind of new regulations it will involve or whether it will work (and, if so, for how long), since the negotiations have only started recently and they seem complex. What is sure, however, is that the basis of the agreement – to increase trade and spur growth on both sides of the Atlantic, - in the current environmental context and considering the global issues we are dealing with right now, can be regarded as outdated or “old”.

One of these global issues is the process of global warming and climate change, which is already happening (i.e., in the shrinking of the Himalayan glaciers and the Arctic ice, the rise of the sea level, progressive desertification, and the greater frequency of extreme weather events as the IPCC reports in their Special Report on managing the risks of extreme weather events). The agreement on TAFTA | TTIP seems to ignore these dramatic current developments. It shows that the developed world has not changed its problematic environmental practices (air, water and soil pollution; resource extraction; deforestation, etc.), even though there is a general consensus that these practices are a growing concern for the global environment today and in the future (e.g., confirmed by a study led by John Cook at the University of Queensland published in IOP Publishing’s journal). This could lead to a new paradigm, a critical global situation that has not been there before and that puts in danger future generations and the whole planet.

Against this background it is questionable that the agreement on TAFTA | TTIP will be sustainable in the medium and long-term from an environmental, but maybe also from an economic, point of view. The Stern Report on the Economics of Climate Change by Nicholas Stern stated already in 2006 that the benefits of strong, early action considerably outweigh the future costs - also the economic cost - of climate change. In 2013, Nicholas Stern states in the Guardian on 24 September, 2013, that he underestimated the risks of climate change, such as the melting of permafrost, and that he should have been more “blunt” about the threat posed to the economy by rising temperatures.

HOW TRADE GOT GLOBAL

International trade was significantly intensified after the Second World War and has globalized with the creation of the WTO in 1995. Taking this into consideration, the objective of this new agreement must be to increase trade and therefore economic growth with all its consequences, one of the
issues an EU-US High Level Working Group was tasked to identify as stated in the European Parliament resolution on EU trade and investment negotiations with the United States of America. According to a European Parliament resolution (2013) on the EU trade and investment negotiations with the US, EU exports to the US are expected to increase by 28% and total EU exports by 6% thanks to TAFTA | TTIP.

Whether scepticism towards commercial agreements or free trade in terms of the environmental footprint (i.e., of the car industry) exists or not, all of these agreements must be analyzed in the overall context. One thing is if intercontinental trade is the exception, another thing is if it becomes the rule, the need and the plan for the future. This intercontinental agreement is opting for making intercontinental trade the rule and will, therefore, lead to even more energy and resource consumption than the current system of production and trade. The possible consequence is an even bigger contribution to climate change and resource consumption in production as well as transport. That is why the agreement looks out of context.

This is also true for the local production. The agreement seems to be constructed in a way that it brings advantages primarily to big industries (i.e., the car industry), because the local producers are generally not acting on the global markets. The big, multinational actors are in a better position to organize intercontinental economic trade. If the multinational companies benefit, however, what does this mean for the local economy in general? Will it still be competitive? The economic system of today is too complex to be reduced to the “big industries”, the multinational players. It includes – particularly in Europe – tens of thousands of small and medium size enterprises (SME) that produce locally (national or EU), rather than the international or even global, markets. The European Commission’s (EC) SME Performance Review of 2012 stated that small and medium enterprises stood their ground as the backbone of the European economy whereas the EC’s Study on the level of internationalisation of European SME’s of 2010 concluded that although 25% of EU 27 SME’s export or have exported at some point, their international activities are mostly geared towards other countries inside the internal market and only about 13% of EU SME’s are active in markets outside the EU.

RISKS AND CONSEQUENCES

Considering the environmental risks that we are facing as well as the importance of the SMEs, not least in terms of job creation, future developments should be in favor of an energy and resource efficient local production. Choices like the agreement on TAFTA | TTIP seem to push in the opposite direction, however, although it could be more rational to reduce the intercontinental trade. Without local production, the foundations of the current economic system are at stake, and so is the environment. That is why it is more than
necessary to make a serious evaluation of the environmental footprint of the agreement to see if these worries are justified or not. After all, the parties of the agreement are the two most industrialized – and, therefore, at least “historically”, most polluting and consuming – regions in the world.

This is particularly important, as the governments involved often promote contradictory initiatives with regard to environmental issues: some in favor of the reduction of resources and consumption, others promoting de facto the opposite. In some cases the governments pass laws in favor of energy efficiency, but at the same time they sign agreements that request large-scale energy consumption. Germany, for example, despite its efforts to improve energy efficiency (i.e. by the Renewable Energy Sources Act), blocks European initiatives to regulate the car industry – at least by delaying the introduction of caps on carbon dioxide emissions. Again, let us analyze the context: why, despite the alarming reports, do governments not come to terms about climate protection (e.g., by signing a follow-up agreement to the Kyoto Protocol, an international agreement linked to the United Nations Framework Convention on Climate Change, which commits its parties by setting internationally binding emission reduction targets)? Why do they intend to quickly agree on the promotion of the polluting industries through agreements such as the TAFTA | TTIP without considering the consequences? Why are the governments not giving priority to the justified public concern (see the ‘Stop TAFTA’ protests, for example, in Europe) that the agreement on TAFTA | TTIP will threaten food safety, small scale farmers, internet freedom, workers’ rights, access to medicines, financial regulation and last, but not least, the climate? It could be because the agreement on TAFTA | TTIP, though veering towards an intensified globalization, does not imply a greater global cooperation.

**WHAT COULD BE A WAY OUT?**

After the publication of the IPCC report, it is confirmed that climate change is human induced and that action to stop the rising of temperatures is necessary. The fifth IPCC report states, with 95% confidence, that humans are the main cause of the current global warming: “Human influence on the climate system is clear. This is evident from the increasing greenhouse gas concentrations in the atmosphere, positive radiative forcing, observed warming, and understanding of the climate system” (IPCC 2013, 13).

Hence, climate change demonstrates the negative aspects of the current economic model which is based on large-scale energy consumption which again is the main cause for the temperature rises. It is true, that there are many things to do urgently, but also many things not to do anymore. Will we have to rethink the current economic model? Before the conclusion of any kind of agreement, the true impact and consequences in terms of emissions and pollution and – hence – the sustainability of this agreement have to be analyzed and evaluated. Any for of international cooperation will not be able to ignore environmental problems such as climate change. Only this will in the end lead to a more sustainable production and trade.

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**REFERENCES**


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