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Social Platform and CESI on INTA TTIP vote: Thumbs up for public services protection, but ISDS compromise is far from ideal

Social Platform and CESI, the European Confederation of Independent Trade Unions, welcome yesterday's [28 May] vote in the European Parliament's International Trade (INTA) committee which recommends excluding public services from the Transatlantic Trade and Investment Partnership (TTIP). However, they note with concern the compromise found for the controversial Investor-State Dispute Settlement (ISDS) mechanism.

The adopted compromise amendment on public services unambiguously calls on the European Commission – charged with negotiating TTIP with the United States (US) – to build on the recent joint statement by European Commissioner Cecilia Malmström and US Trade Representative Michael Froman regarding the exclusion of public services in European Union (EU) and US trade agreements. The joint statement confirmed that TTIP will not prevent governments from providing services in areas such as water, education, health and social services. Furthermore, it will not require them to privatise any service.

In recent months, Social Platform and CESI have pursued a joint initiative to insert a "gold standard clause" in trade and investment agreements such as TTIP to fully protect public services from any liberalisation pressures. In this context, CESI's Secretary-General Klaus Heeger welcomed the INTA vote with regards to public services: *"I am glad that the efforts we put into the gold standard clause initiative yielded results. The clause on public services in the INTA committee report reflects much of what such a gold standard clause could look like. I am confident that the European Parliament plenary will follow the INTA vote on this."*

Pierre Baussand, Director of Social Platform, added: *"We also welcome that this exclusion will apply irrespective of how the services are provided and funded. The INTA committee's vote reflecting our initiative on the golden clause demonstrates the important role civil society has to play in trade negotiations."*

However, Social Platform and CESI are sceptical about the compromise found on the ISDS mechanism. What is proposed is a reformed mechanism that is both unnecessary and potentially destabilising. Pierre Baussand noted: *"Protection against misuse or abuse of governmental powers is a standard feature of domestic law – or certainly in advanced legal systems, the standard would generally not fall below what is offered in international investment law. Both the EU and the US have advanced legal systems with sufficiently strong legal mechanisms to reassure foreign investors."*

ENDS

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