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Trade

On 7 October, the second round of negotiations for a far-reaching transatlantic trade deal will begin in Brussels. Amidst calls for greater openness and public participation, the European Commission has gone into propaganda mode, promoting myths about the transparency and accountability of the talks. See through its feel-good rhetoric with Corporate Europe Observatory's myth-busting guide to secrecy, corporate influence and lack of accountability in the transatlantic trade negotiations.

For many years, public interest groups have criticised EU trade policy for a lack of transparency, a severe democratic deficit and a rampant corporate bias (see, for example, [here](#) [1], [here](#) [2] and [here](#) [3]). The European Parliament rejected the infamous Anti-Counterfeiting Trade Agreement (ACTA), with MEPs arguing, with justification, that [law negotiated in secret is usually bad law](#) [4]. Now these same MEPs have called for more openness in the negotiations for the proposed Transatlantic Trade and Investment Partnership (TTIP). And digital rights activists have [warned](#) [5] the European Commission that secrecy “could kill TTIP just as effectively as it killed ACTA”.

In response, the Commission has gone on a PR offensive. In a series of [Q&A](#) [6], [briefing papers](#) [7] about transparency in EU trade negotiations and [leaflets](#) [8] explaining why TTIP is not ACTA, the Commission's trade department (DG Trade) is portraying itself as the model of transparency. “There is more interest in this potential deal than any we have worked on before,” they [say](#) [8], “We realise that this requires new initiatives to shed more light on what is going on throughout the negotiations.”

However these “new initiatives” of theirs cast more shadow than light. Let us guide you through some of the key myths about openness and accountability in DG Trade.

Myth 1: The EU is very open to a broad range of views when preparing for trade negotiations

Reality: The EU is very open to the interests of big business when preparing for trade negotiations

In its [transparency factsheet](#) [7], the Commission claims that “views of civil society play a crucial role” in EU trade negotiations and that it relies “on the information received from the public before the negotiations start” which reflects “a broad range of views”.

But while an internal Commission [document](#) [9] obtained through the EU's access to information rules shows that, to prepare the transatlantic trade negotiations, DG Trade has had at least 119 behind closed door meetings with large corporations and their lobby groups – it has had only a handful with trade unions and consumer groups. When negotiations were announced in February 2013, not a single such meeting with public interest groups had taken place – compared to dozens with business lobbyists (see our [story](#) [10] on the issue).

Contributions to the EU's online [consultations](#) [11], too, came almost exclusively from companies and industry associations. If you look at the biased [questionnaire](#) [12], this is not surprising. How would the average citizen respond to questions such as: "If you are concerned by barriers to investment, what are the estimated additional costs for your business (in percentage of the investment) resulting from the barriers?"

Experience with previous trade talks suggests that we will soon see more evidence of the privileged access and undue influence that the Commission grants industry over its discussions with the US (see our report [Trade Invaders](#) [3] on the EU-India negotiations). Leaked internal reports seen by Corporate Europe Observatory already suggest that the Commission is in close contact with the "relevant" industry associations – and no-one else – "to get a feeling for their offensive interests" on issues such as services liberalisation. It is clear whose views really count.

Myth 2: The Commission provides the most comprehensive information possible

Reality: The Commission is concealing most information about the proposed trade deal from the public

The Commission [claims](#) [8] that it "is committed to providing as much information as possible" about the ongoing negotiations to the public. It has even made "the unprecedented step of making available to the public [a number of the EU's initial position papers](#) [13]" which it presented to the US in the first round of negotiations in Washington in July.

It is indeed encouraging that the Commission has finally started to publish some of its positions in trade negotiations. But unfortunately, these are very few in number. According to leaked internal reports about the first round of negotiations seen by Corporate Europe Observatory, many more issues than the ones on which papers have been published were being discussed in Washington, ranging from the liberalisation of services to the controversial issue of [investor-state dispute settlement rights](#) [14]. For several of these issues, the Commission put discussion papers on the negotiating table which cannot be found on its website. Doesn't the public have the right to know about these issues, too? What is the Commission hiding?

A [letter](#) [15] to the US from the EU's chief negotiator also shows that the Commission intends to conceal most information about the proposed trade deal from the public: "All documents related to the negotiation or development of the TTIP agreement, including negotiating texts, proposals of each side, accompanying explanatory material, discussion papers, emails related to the substance of the negotiations, and other information exchanged in the context of the negotiations (...) will be held in confidence." And further: "The Commission *may* decide to make public *certain* documents that will reflect *exclusively* the EU position" (emphasis added).



"Without the text being publicly made available, it is almost impossible to provide appropriate feedback for the very proposals that will affect the general public the most. (...) The precise working of the provisions, references to other documents or international instruments, and cross-references throughout the text are vitally important

“ to fully understanding the impacts of the agreement as a whole.”

Knowledge Ecology International in their [contribution](#)[16] to the US consultation on TTIP

What is needed instead, are for all tabled documents and negotiation texts – which, by definition, are no longer secret – to be made available to the public immediately. Like previous trade agreements, the proposed EU-US deal has the potential to impact the lives of millions of people and the future of our democracy. Given this, it requires intensive public scrutiny and robust review – just like any European law which is published in different versions before it is adopted.

Myth 3: You need a certain amount of secrecy to successfully conclude trade negotiations

Reality: The proposed EU-US trade deal is hidden from the public, because if people understood its potential impacts, this could lead to widespread opposition to the negotiations

The European Commission’s [guide to transparency](#) [7] in EU trade policy says: “For trade negotiations to work and succeed, you need a certain degree of confidentiality, otherwise it would be like showing the other player one’s cards in a card game.” And further, it is “entirely normal for trade negotiations” that the talks themselves and the texts discussed are secret – “to protect EU interests” and to guarantee a “climate of confidence” so that negotiators can “work together to come to the best deal possible.”

Interestingly, there are international (trade) negotiations where secrecy is not “entirely normal”. In the World Trade Organisation, for example, members (including the EU) publish their negotiation positions. The same goes for global climate negotiations in the UN where parties (again including the EU) do not seem to see opacity as a precondition for a successful agreement.

Even some trade negotiators disagree with the Commission’s stance on secrecy. Former US trade negotiator, Robert Zoellick, said of the lack of transparency in trade negotiations, that: “Frankly, that always surprised me”. According to him, draft trade texts were seen by hundreds of people anyway – government officials, advisors and lobbyists. So, why not simply put the information online? (See from minute 36:24 in this [video](#) [17] from a public event in the US on June 19.)

So what is the secrecy really about? It is about hiding a deal from the public, which if its potential impacts were more well understood could lead to widespread public opposition – because it could endanger the safety of our food and our health, our jobs and our environment, the stability of financial markets and digital rights. And it is about securing “the best deal possible” for big businesses, not European or US people.

Myth 4: Negotiations are guided by independent impact studies

Reality: These allegedly independent studies were in fact written by the Commission and corporate funded think tanks with a vested interest in the proposed EU-US trade deal

Whenever the EU engages in trade negotiations, its [transparency guide](#) [7] states, it “commissions an independent study to look at the economic, social and environmental impacts of any agreement”, the results of which feed into the negotiations. The key figure from the [impact study](#) [18] of the proposed EU-US deal – according to which an average European household would gain an extra €545 per year – is all over the Commission’s TTIP propaganda.

Let us take a closer look at this “independent” study. Remarkably, it was written by the Commission itself, with DG Trade in the lead. So, the very same institution which conducts the negotiations and which academics have [described](#)

[19] as a bunch of “generally free-trade oriented career trade officials” has come up with a “study” supporting its agenda and is now calling it “independent”. No wonder, the European Parliament has already [pointed](#) [20] to a number of methodological flaws in the impact assessment and is demanding its own analysis.

The Commission’s interpretation of the key economic study on which its impact assessment was based – and from which the claim of €545 extra per family originates – has also been criticised. In this eye-opening [article](#) [21], Clive George, a Professor at the College of Europe in Bruges who has conducted trade impact assessments for the European Commission in the past, writes: “Of the various scenarios examined in the study, the most optimistic produced the widely-quoted increase of €120 billion [to the EU economy]. This amounts to just 0.5% of EU GDP. It does not occur instantly, and it does not represent a boost to annual growth of 0.5% [...]. The EC’s study estimates that it would take ten years for the agreement to have full effect, during which period the impact on economic growth would not be 0.5%, but 0.05%, for ten years only. Furthermore, this is for the most optimistic of the study’s scenarios (or guesses) for what might actually be achieved in the negotiations. For its more realistic scenarios, the study estimates an increase in GDP of little more than 0.1%, i.e. an increase in the GDP growth rate of 0.01% for the ten year period. This is trivial, and the EC knows it.” The EU-US trade deal, George concludes “will deliver minimal economic benefit at best.”



“The Commission has committed under the label of ‘independent’ to have as little to do with science as a weather forecast has to do with the giblets of a chlorinated chicken.”

Journalist [Jens Berger](#) [22] on one of the many studies showing the benefits of TTIP

The original study debunked by Professor George was an “independent” [report](#) [23] from the London-based Centre for Economic Policy Research (CEPR). The CEPR is funded by some of the world’s largest banks which stand to benefit from the proposed transatlantic trade deal – including Deutsche Bank, BNP Paribas, Citigroup, Santander, Barclays and JP Morgan. These companies pay between 6,000 and 20,000 Euros per year to fund the think tank, which, according to its [website](#) [24], in turn offers the well-paying members (“whose business success depends upon being at the forefront of Europe’s economic policy formulation”) “an active influence on CEPR’s research and policy direction”.

So much for “independent” impact assessments.

Myth 5: The Commission negotiates on behalf of the whole EU

Reality: The Commission negotiates on behalf of itself and transnational companies, but definitely not the whole EU, let alone its people

According to the Commission’s [transparency guide](#) [7], it negotiates international trade agreements “according to the instructions received from the Member States”. During negotiations, it claims, it “remains fully accountable to the European civil society, the Member States and the European Parliament that exercise democratic control.”

In fact, the balance of power between the Commission and EU member states is heavily tilted towards the Commission. It has greater capacity, technical expertise and the initiative in drawing up negotiation texts. EU member states need to act in large groups to significantly change Commission proposals. Also, it is reported that the Commission uses all kinds of tricks to circumvent member states’ objections. When the latter were confronted with [leaked negotiation texts](#) [25] from the EU’s ongoing trade talks with Canada, for example, member state sources admitted that many had never seen the texts and that the Commission had gone way beyond its negotiation mandate.

Similarly, many MEPs in the European Parliament lack the capacity to properly analyse the piles of highly technical texts related to the EU's globe-spanning trade agenda. According to a Parliament source, MEPs on the committee for international trade (INTA) receive between 500 and 1000 pages per week. The result, according to the source, is a "window-dressing openness" where "you receive 1000s of pages, but don't know what is going on".



"Europe's trade policy (... is) run by a committee of unelected technocrats who believe in the good of trade liberalisation and who are largely insulated from political tensions and pressures."

[Richard Baldwin](#), [26]Professor of international economics, Geneva Graduate Institute

This is what democracy looks like

For a more democratic vision for European trade policy, take a look at the [Alternative Trade Mandate Alliance](#) [27], an alliance of currently almost 50 civil society groups (including Corporate Europe Observatory). We are developing an alternative vision of trade policy that puts people and planet before big business.

The heart of this vision is an assertion of democratic control over the EU's trade policy (see the paper [Is this what democracy looks like?](#) [28]). The alliance's guiding principles in this should go without saying in any democracy: transparency and openness instead of secrecy; policy-making by elected Parliaments instead of unelected bureaucrats and peoples' involvement instead of policy-capture by corporate lobby groups.

Putting these principles into practice, the alliance has [published](#) [29] the draft version of its vision online – to gather public comments "to improve the Alternative Trade Mandate and make it a genuine people's mandate". Final comments are due by 4 October.

Based on the final version of the text, the Alternative Trade Mandate Alliance intends to mobilise the public all over Europe to transform EU trade policy. One of its key goals is to make trade negotiations such as the ones between the EU and the US an issue in the 2014 European elections.

The proposed EU-US trade agreement hands over more power to corporations and further undermines our democracy. Busting the myths surrounding it and revealing the truth about this secretive deal is an important step in people taking back control over the democratic process. How long will the public stand being fobbed off by the Commission's propaganda?

Source URL: <http://corporateeurope.org/trade/2013/09/busting-myths-transparency-around-eu-us-trade-deal>

Links:

- [1] <http://awsassets.panda.org/downloads/aleagueofgentlemenfinal.pdf>
- [2] http://www.somo.nl/publications-en/Publication_1665/at_download/fullfile
- [3] http://corporateeurope.org/sites/default/files/publications/trade_invaders_0.pdf
- [4] <http://www.europarl.europa.eu/news/en/news-room/content/20120220FCS38611/3/html/David-Martin-on-ACTA-law-negotiated-in-secret-is-usually-bad-law>

- [5] <http://www.pcworld.com/article/2038802/specter-of-acta-hangs-over-ttip-negotiations.html>
- [6] <http://ec.europa.eu/trade/policy/in-focus/ttip/questions-and-answers/>
- [7] <http://trade.ec.europa.eu/doclib/html/151381.htm>
- [8] <http://trade.ec.europa.eu/doclib/html/151673.htm>
- [9] <http://www.asktheeu.org/en/request/473/response/2049/attach/4/List%20of%20meetings%20with%20stakeholders>
- [10] <http://corporateeurope.org/trade/2013/09/european-commission-preparing-eu-us-trade-talks-119-meetings-industry-lobbyists>
- [11] http://ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/jobs-growth/index_en.htm
- [12] [http://babcsf.org/uploads/Cion%20consultation%20on%20EU-US%20trade\(1\).pdf](http://babcsf.org/uploads/Cion%20consultation%20on%20EU-US%20trade(1).pdf)
- [13] <http://trade.ec.europa.eu/doclib/press/index.cfm?id=943>
- [14] <http://corporateeurope.org/trade/2013/06/transatlantic-corporate-bill-rights>
- [15] <http://trade.ec.europa.eu/doclib/html/151621.htm>
- [16] <http://keionline.org/node/1718>
- [17] <http://www.wilsoncenter.org/event/the-trans-pacific-partnership-new-rules-for-new-era>
- [18] http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2013/swd_2013_0068_en.pdf
- [19] http://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID1699307_code1563470.pdf?abstractid=1699307&mirid=1
- [20] <http://www.europarl.europa.eu/committees/en/studies.html#studies>
- [21] <http://www.opendemocracy.net/ourkingdom/clive-george/whats-really-driving-eu-us-trade-deal>
- [22] <http://www.nachdenkseiten.de/?p=17671>
- [23] http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf
- [24] <http://www.cepr.org/content/corporate-membership>
- [25] http://www.tradejustice.ca/?page_id=2
- [26] <http://in.reuters.com/article/2011/07/01/idINIndia-58036020110701>
- [27] <http://www.alternativetrademandate.org/>
- [28] <http://www.alternativetrademandate.org/wp-content/uploads/2013/05/democracy-paper-FINAL.pdf>
- [29] <http://www.alternativetrademandate.org/atm-document-join-the-online-public-consultation/>