

”Stop the free-trade agreement immediately”

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IG Metall boss Detlef Wetzel fears disadvantages for workers and consumers if the EU and the US create a joint free trade area.

It is the large common EU and USA project: A joint free-trade and common economic area would be created. The resistance is, however, growing. Now, the world’s largest trade union is also coming forward. The head of IG Metall Detlef Wetzel explains in talks with Frankfurter Rundschau why he demands an immediate stop for the negotiations.

Mr Wetzel, the negotiations between the EU and the US on TTIP have been going on for a couple of months. Why is IG Metall coming forward now?

The exact content is being negotiated by a small group in back rooms. That’s why we want this issue to finally get the attention it deserves in broad public. The discussion has neither been held in the political parties, nor in trade unions, nor among employers. Secondly, we regard the agreement as dangerous. It has no apparent benefits, but would create a lot of damage. The negotiations must stop.

You represent employees from an export-dependent industry. But according to prognoses, export-oriented companies would profit from the free trade agreement. The Bertelsmann Foundation, in a widely quoted study, reaches the following conclusion: The agreement creates 160 000 new jobs in Germany, 85 000 of those in the manufacturing industry.

Such prognoses are just idle speculation. No man can calculate the exact growth figures over decades from the planned measures. The Bertelsmann study in particular only calculates growth in an unserious manner, and does not take any of the possible negative effects in consideration.

It should also be added that free trade has previously been credited with enormous growth effects – but these promises have never been held. But even if these prognoses would apply – growth would be ridiculously low. In Germany, five million people are working in the manufacturing industry. The weather plays a greater role for the employment effect than the free trade agreement.

For the EU as a whole, an extra economic growth of 0.5% is estimated.

That is 0.5% in 10 years, that’s 0.05% annually. I stick with that: The prognoses are utterly uncertain, the forecast effects are microscopic – and would first and foremost be sold at a very high price.

What do you mean by that?

For example the plans to guarantee investors far-reaching rights.

These rights are currently being excluded from the negotiations... [they are referring to Investor-State Dispute Settlements, my remark]

...but have thereby not been taken off the table, and they are ominous. They would give foreign investors the right to bring action against public decisions that would harm the profitability of their investments. For example, there is this case with a French company that is attacking the rise of the minimum wage in Egypt. In Germany, the Swedish company Vattenfall is taking legal action because of the nuclear phase-out. If the investors win, they will need to be compensated by the tax payers. That is expensive – and undermines the democracy and state sovereignty.

But State policies could actually make an investment unprofitable...

Of course, but it is entitled to do so. To make a vivid example: the abolishment of apartheid surely made investments more expensive since exploitation was no longer possible. It would however be absurd to refrain from such political decisions. Investor protection mechanisms could be negotiated with countries with underdeveloped legal systems. So investors could be protected from expropriation without compensation. The great investment volumes between the EU and the US show that investments in these regions are apparently well protected from arbitrary expropriation. There is absolutely no need for action.

Would you be satisfied if Investor-State Dispute Settlements were to be kept out?

No. Because we have the impression that the objective of the negotiations is a very intentional one: Overall, it seems to be about simplifying rules of procedure/codes of practice and lower product standards, just to save money in companies.

Officially, the negotiations are not about lowering but harmonizing different standards in Europe and the EU. Hence, you could also fight for those rules to apply in future that prescribe the toughest standards?

It would be nice if that would work. If such an agreement would be put forward, we would re-evaluate our negative stance. If consumer or employee rights are lowered, however, IG Metall will say no to TTIP. But we still believe that this deal goes further than harmonizing standards. It is solely about lowering protective mechanisms for consumers and employees.

How would employees be affected? Their rights are not a component of the negotiations.

The pressure would build indirectly. Liberalisation always brings stiffer competition. The competition gets tougher, in this case Europe's competitiveness with the US, where worker's rights are significantly weaker and trade unions are being opposed by politicians. Furthermore, there is a fear that, for example, German rules for employee participation might be undermined within this free trade zone.

It has been argued that the TTIP is necessary to strengthen Europe and the US against the growing power of the emerging economies

That backs my fears: In the future EU-US-zone, costs and standards should be lowered to a level that could compete with the Chinese one. Nobody could want that. We are therefore in favour of an immediate halt of the negotiations. To start with, the whole process must be made transparent and the consequences must be evaluated. We are not against the dismantling of custom duties, but that can be negotiated and decided on separately – if a nation is of the opinion that it could abstain from the

revenues.

You fear a race to the bottom. Actually, this race seems to be going on already, and within the EU. Workers' rights and wages are under massive pressure due to the crisis, particularly in Southern Europe. A "Competitiveness pact" is being planned between the EU and its member states. Doesn't this bring a much stronger pressure on the employees?

That is correct. We oppose this policy among the EU member states and the liberalisation negotiations of the EU and the US. We also see an opportunity here to push forward a debate on political priorities: Is lowering the costs really all? Do we – just to lower the costs – want to abstain from safe products, environmental protection, democratic procedures and social services? Neither within Europe, nor as far as TTIP is concerned, will we accept measures that leads to the benefit of a few at the expense of the many.

Interview: Stephan Kaufmann