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The ‘I’ in the TTIP will create a global gold standard

From Mr Peter M Robinson, Mr Karsten Dybvad and Mr Urban Bäckström.

Sir, EU and US trade negotiators are meeting this week for the fourth round of negotiations on a Transatlantic Trade and Investment Partnership (TTIP). As the name suggests, our partnership stands on two firm pillars: trade and investment. Our daily trade in goods and services amounts to €2bn. This will increase when we cut tariffs and red tape as part of the deal.

Transatlantic investments are equally important. EU and US companies invest more on our mutual markets than anywhere else in the world, and their investments support 6.8m jobs. An integral part of the negotiations therefore focuses on how we can protect each other’s investments through an investor-state dispute settlement (ISDS) agreement.

This agreement has drawn heavy fire lately. Some critics claim that it will allow companies to sue governments over changes in regulation pertaining to health, environment, consumer protection etc if these changes negatively affect the profits of companies. This is categorically not true. An ISDS agreement will only – and should only – give companies a right to challenge unlawful expropriation or instances where they are being treated in a discriminatory way compared to domestic companies.

Unlawful expropriation and discriminatory regulation are not problems in either the US or the EU. Should it occur, we both have well functioning independent legal systems, which can deal with this.

Critics therefore claim that we don’t need ISDS provisions in TTIP. We disagree. More than anything we need an ISDS agreement as part of TTIP. We are two major and equal economic partners, who share the same democratic and economic values. We have a unique possibility of making a modern ISDS agreement, which can balance the legitimate needs of governments to regulate public priorities with the legitimate needs of businesses to have reasonable and predictable protection of investments.

Such an agreement could become the template for future investment agreements with our other major trading partners in Asia, South America and Africa, where ISDS agreements are an essential safeguard for investors against arbitrary politics. This will benefit companies when they enter growth markets in the developing world. But it is even more beneficial for the developing world as they struggle to make their investment climates sufficiently competitive to attract foreign direct investments bringing capital, technology and jobs.

We need a high-standard ISDS agreement in TTIP which can serve as a global “gold standard”. Let’s therefore keep the “I” in TTIP.

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