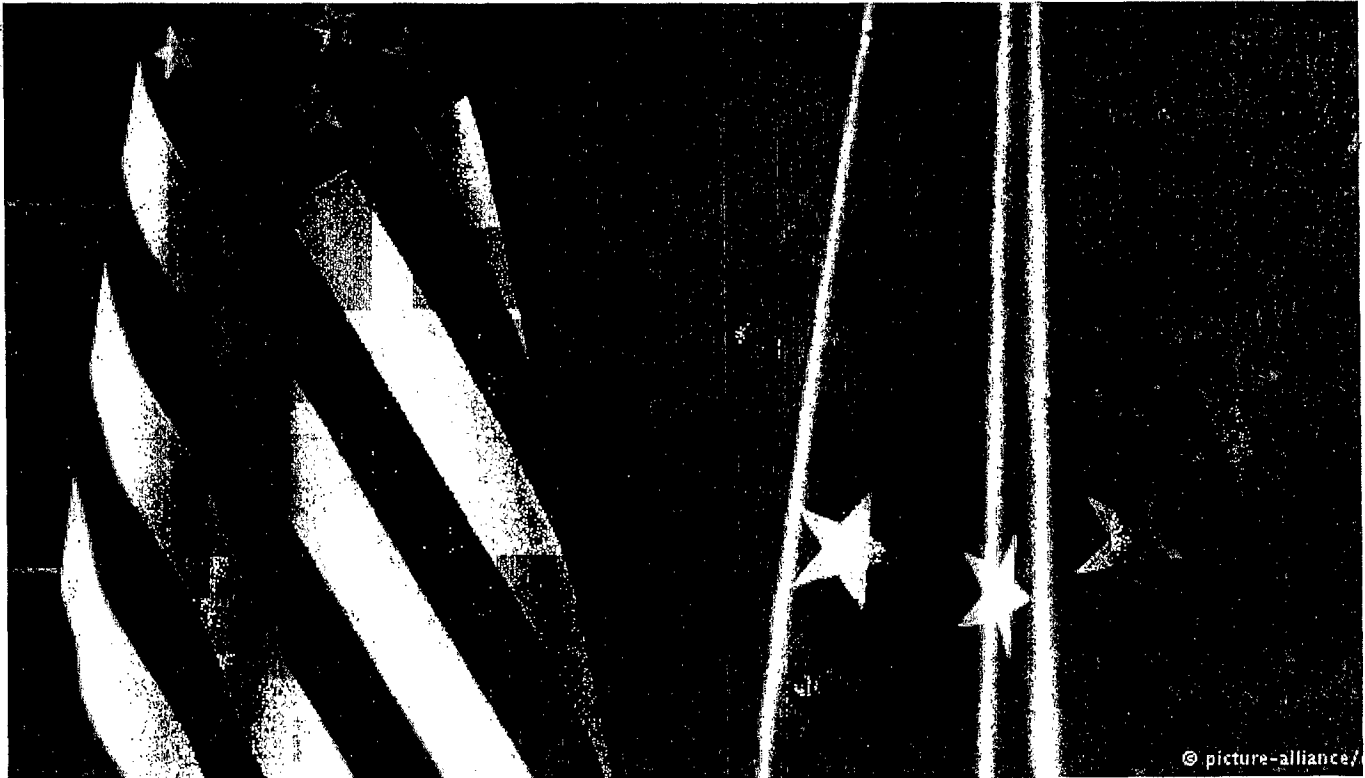


Transatlantic relations

## TTIP draws flak from local leaders in Europe and the US

- Transatlantic ties
  - TTIP: 'There's a window of opportunity'
  - Transatlantic free trade in the balance
  - Opinion: Transatlantic trust only goes so far
  - Transatlantic partnership is vital, but uninspired
  - TTIP draws flak from local leaders in Europe and the US

TTIP, the planned EU-US trade pact, was once again the topic of a heated debate in the German parliament. But beyond the realm of national lawmakers, an important new group hones in on the transatlantic deal.



Roughly 6,000 kilometers or 3,700 miles separate Boris Palmer and Virginia Lyons. That's the distance between the city of Tübingen in southwestern Germany, home of one of the oldest European universities, where Palmer is mayor and Montpelier, the capital of Vermont, a small US state in New England where Lyons is a state senator.

Palmer and Lyons have never met, but they share a common concern. They are worried that the planned Transatlantic Trade and Investment Partnership (TTIP), the controversial trade pact that is currently being negotiated between the EU and the United States, could cripple their ability to govern for their local constituents.

Both criticize a general lack of transparency and the absence of a meaningful participation of local or regional governments in the transatlantic negotiations. But the core of their critique can be boiled down to a single acronym: ISDS.

ISDS stands for Investor State Dispute Settlement which is a highly contentious mechanism that would allow corporations to take governments before arbitration panels instead of going through the established courts. Rather than filing claims before regular courts in the US or EU, disputes are brought before and decided by an extralegal arbitration panel. Its decisions are usually binding and cannot be challenged in court.

### **Unfair challenge**



### **Tübingen Mayor Boris Palmer rejects ISDS rules for communities**

"We are afraid that investors will take us before an arbitration panel where we don't have the chance to defend ourselves because we don't have the money and the lawyers to put forward a serious defense in such a trial," Palmer told DW, noting that it would be impossible for a community with 85,000 inhabitants like Tübingen to legally challenge multinational corporations with billions of revenues per year.

"Local decision-making is so important for the perception of the quality of life that people have," Senator Lyons told DW. "The dispute settlement process really does take state and local communities right out of any conversation."

Lyons and Palmer fear that their ability to establish rules and regulations tailored specifically for their city and state may be impinged or lost due to potential suits by corporations claiming that these rules hurt their profits.

## **Threat to local governance**

As an example, Lyons, who co-chair's Vermont's Commission on International Trade and State Sovereignty, mentions that her state has passed laws that exceed the US federal government standards on banning toxic chemicals in children and consumer products.

She worries that these standards could come under fire by corporations arguing that Vermont's rules negatively effect their profits and drag the state before an arbitration panel under ISDS.

Another area of local governance potentially affected by ISDS would be public transportation and housing. Private corporations, says Palmer, could argue that subsidies to public transport companies would not be allowed, unless you advertise a bid for the contract internationally.

"We do have local bus companies and if they lose these subsidies they won't be able to exist anymore," says Palmer. "So we will lose our capability to define standards and offer public transport services to our community."

## **Established legal systems**

Public housing companies owned by many German communities could also be targeted. "If you want to give subsidies to such a locally owned company in order to build new housing, a private, globally active real estate company could argue that their revenues will be lowered by that subsidy and that it should therefore be forbidden," says Palmer.

The mayor of Tübingen and the state senator from Vermont don't want to see an ISDS scheme included in TTIP because it could drastically reduce the ability of local and regional communities to do what they are supposed to: govern for the people that elected them.

Besides, notes Senator Lyons, there is no reason why the US and the EU need to establish an external legal body. "We have a judicial system and I don't know why we allow for three people in a tribunal to make a decision when those three people are chosen by the corporations and the federal level. It is antithetical to local decision-making."

## Growing opposition



Senator Lyons fears governance in Vermont could be hampered by ISDS

Lyons and Palmer are not alone in their concerns. While local and regional leaders have remained rather mum about TTIP so far, that appears to be changing. In the US lawmakers from New England and California have spoken out against the trade deal. In Europe, the mayor of Stuttgart, Germany's sixth-largest city and home to global heavyweights Daimler and Bosch, has recently warned that TTIP could undermine local governance.

And now the umbrella organization of local and regional governments in Europe, the Council of European Municipalities and Regions (CEMR) in Brussels, has also taken up the issue.

"What we have a real interest in is the investor state arbitration settlement rules," Angelika Poth-Mögele, policy director of the group that is representing authorities from 41 countries, told DW, adding that the group's interest was in preventing the rules. "I think between the US and Europe we don't need that because we have legal systems that are functioning. It's definitely a big interest from our members to not have that in the agreement."

Poth-Mögele, like Lyons and Palmer, stresses that she doesn't reject the transatlantic trade deal outright at all, but that ISDS rules are a red light: "Europe should be strong enough to say we don't want it and that we should negotiate to not have it included in the agreement."

And so it appears that regardless of whether and in what shape the transatlantic trade pact will ever come into fruition it has already achieved a useful goal, albeit not its original intent. It has brought community representatives from such diverse places like Tübingen, Montpellier and Brussels closer together.

DW recommends

## **'With TTIP, EU and US promise a transatlantic trade miracle'**

As Germany's Social Democrats meet to find a common line on TTIP, noted globalization scholar Saskia Sassen tells DW why we are witnessing a rise in trade agreements and who stands to benefit from them. (19.09.2014)

## **'TTIP serves the major corporations'**

The TTIP trade agreement between the US and the EU is continuing to cause a major row in Europe. Economist Christoph Scherrer tells DW that the corporations' right to file lawsuits will be particularly problematic. (23.05.2014)

## **Trans-Atlantic trade talks seen as anti-consumer**

Negotiations for a US-EU trade pact are underway, overshadowed by the NSA spying scandal. However, civil society groups are more concerned about a deal they say would undermine public protections. (08.07.2013)

Audios and videos on the topic

## **Manufacturers hope for TTIP deal**

- **Date** 25.09.2014
- **Author** Michael Knigge
- **Related Subjects** [Europe](#)
- **Keywords** [TTIP](#), [Europe](#), [US](#), [trade](#), [agreement](#), [transatlantic](#), [ISDS](#)
- **Share** [Send Facebook](#) [Twitter](#) [Google+](#) [More](#)
- **Feedback:** [Send us an e-mail](#). Please include your name and country in your reply.
- **Print** [Print this page](#)
- **Permalink** <http://dw.com/p/1DKzx>