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AK Position Paper

Communication of the EU-Commission  
Trade for all – Towards a more responsible  
trade and investment policy

## About us

**The Austrian Federal Chamber of Labour is by law representing the interests of about 3.4 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.**

**The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.**

### **Organisation and Tasks of the Austrian Federal Chamber of Labour**

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Rudi Kaske  
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community and military service - of the 3.4 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm  
Director

# Executive Summary

The Austrian Federal Chamber of Labour (BAK) once again highlights the relationship between the **outwardly-oriented trade agenda and the inwardly-oriented focus on competition**. The Austrian Federal Chamber of Labour therefore calls for a fundamental re-orientation of the EU's economic policy. Promoting internal European demand would significantly redynamise the European economy. This requires, among other things, an immediate end to the policy of austerity, as well as the implementation of high common minimum social standards and public, social and ecological investment.

Regarding trade policy in the short-term, the BAK prefers a multilateral process at the WTO-level to the confusing network of bilateral trade and investment agreements. The conclusion of the Doha negotiations would further develop a global regulatory framework for international trade as a consensus between the 161 member states and in the context of the current development agenda. By focusing on bilateral negotiations, the EU and the USA have for many years made a major contribution to undermining the WTO negotiations.

The **bilateral trade and investment agreements**, in particular those between the **EU, the USA and Canada**, combine numerous negotiating points that are very questionable, for democratic, social and environmental reasons, in terms of their effect on citizens, employees and consumers.

The main concerns on the part of the BAK are:

## **Minimal economic growth, risk of job losses**

The European Commission is promoting the TTIP as an engine for growth and employment, although the Commission's own analyses only assume maximum economic growth for the EU of around 0.3% - 0.5% over the next ten years, or annual economic growth of around 0.03% to 0.05%. In any case, the costs of the planned dismantling of non-tariff trade barriers (NTBs) are an issue that must be raised before this undertaking is tackled. The studies commissioned by the Commission assume at least 430,000 to 1.1 million temporary job losses **in the EU** as a result of the TTIP<sup>1</sup>. In another study, it was calculated that the TTIP would result in a loss of income of between €165 and €5000 per EU citizen per year<sup>2</sup>. As a result of the TTIP, workers would therefore be subjected to a significantly higher risk in order to implement a very modest economic project. Wage dumping, mini-jobs and precarious working conditions do not result in an economic miracle but rather in insecurity and social ills.

## **No privileged rights of action for foreign corporations**

The BAK decisively rejects the inclusion of investment protection provisions and privileged rights of action for investors. This also applies to the trade agree-

ments with the USA (TTIP) and with Canada (CETA), especially the fact that US corporations could, via Canadian branches, obtain special investment protection and right of action privileges.

### **Possible removal of regulations**

CETA and TTIP aim, among other things, to remove regulatory differences between the EU and the USA or Canada. Regulations that protect workers, consumers and the environment must not be watered down or have possible future tightening restricted. Important rules and regulations that are in the public interest could be watered down or even eliminated by the regulatory cooperation defined in the CETA and the TTIP. In addition to technical standards and procedures, rules in the fields of public health and safety, consumer protection, and social and environmental legislation (e.g. fracking ban) may be affected. Already before and during the TTIP negotiations, EU institutions have, as a result of considerable pressure being exerted by large EU and US corporations, accepted products that are of a dubious nature for humans and animals. For example, meat from descendants of cloned animals has been approved without a labelling requirement and glyphosate has, contrary to the WHO classification, been assessed as being a “probably not carcinogenic” herbicide.

### **Public services must be completely excluded from such agreements and social dumping must be prevented**

The BAK strives to preserve public services. These must be clearly and unambiguously excluded from trade agreements. In addition, the BAK rejects

negotiations on further liberalisation in the field of temporary cross-border provision of services by workers (mode IV), if cross-border cooperation regarding administrative and judicial procedures is not in place and guaranteed as a precondition for ensuring compliance with applicable minimum wages, working conditions and other labour standards on the basis of social and labour law and collective bargaining regulations.

### **Violations of minimum labour standards go unpunished**

The USA has so far only ratified two of the eight ILO core labour standards, and Canada has ratified five of eight. The BAK calls for the binding incorporation of the ratification, implementation and effective use of all eight ILO core labour standards in the TTIP. Violations of labour standards must be actionable and sanctionable under the agreement’s dispute settlement system. Highly developed trading partners such as the USA or Canada should, moreover, implement the ILO Convention 155 on health and safety at work and the so-called “ILO Priority Conventions” (Convention 122 on employment policy, Conventions 81 and 129 on labour inspections and Convention 144 on the consultation of social partners).

## Footnotes

<sup>1</sup> Francois, J et al (2013). Reducing Transatlantic Barriers to Trade and Investment – an Economic Assessment. In CEPR Study for the European Commission. Final Project Report.

<sup>2</sup> Capaldo, Jeronim (2014). The Trans-Atlantic Trade and Investment Partnership: Implications for the European Union and Beyond. Global Development and Environment Institute Tufts University.

Should you have any further questions  
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