To privatise or to liberalise? That is the question in CETA and other trade agreements...

Dear Member of the INTA committee,

In the European Parliament’s INTA trade Committee debate on CETA (12.10.16), the European Commission gave an aggressive defense of CETA’s protections for public services and accused EPSU and others for falsely alleging that CETA obliges Member States to privatize their public services. EPSU regrets that the European Commission felt in the INTA Committee that it had to play to the audience and misrepresent real concerns.

The European Commission, in insisting to only talk about ‘privatization’ and not ‘liberalization’ (which unlike ‘privatization’ is actually written into the text of the CETA Agreement) shows the systematic attempt to avoid the real debate on public services: this debate is about who do we want to run our public services and if, how, and to what extent competition should play a role? Furthermore, how and where should these decisions be made? EPSU’s view remains that these decisions should not be taken through trade agreements.

We do not judge only based on the statements of the Commission made in the INTA Committee on 12 October. In the EC Proposal for a Council Decision on CETA Decision the text says ‘CETA will not force or incite governments to privatize or deregulate public services like water supply, health and social services or education’ and that ‘nothing in CETA will stop a government in a EU Member State to reverse in the future at any time any autonomous decision it may have taken to privatize these sectors.’ [http://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/1-2016-444-EN-F1-1.PDF (page 4)].

However, in the summary of the CETA negotiating results [http://trade.ec.europa.eu/doclib/docs/2014/december/tradoc_152982.pdf] the EC says (page 9 - our italics) “The market access provided through Annex I is guaranteed, without the risk of a rollback. Furthermore, the service providers and investors will benefit of any future liberalisation.”

CETA and other FTAs cannot indeed ‘force’ countries to privatize public services but as this comment shows, CETA aims to progressively promote liberalisation – i.e. competition between service providers, be it public or private operators, in virtually all services, and including in public services. This is why we insist on a full exclusion of public services from trade agreements in order to preserve policy space.

Where Member States make liberalisation commitments in public services, then future regulation of these services will be subject to the trade Agreement’s regulatory provisions. As the Commission representative also said in the INTA Committee ‘the right to regulate is always limited in some way, in the Single Market, or in our Constitutions…’. This is precisely our concern – that CETA’s provisions – and notably the Investor to State investment protection provisions will put further constraints on the right to regulate public services in the general interest.
Does Europe really want that decisions on the future of public services are tied to trade agreements?

Noteworthy too in the Council Decision on CETA and the references to public services is the lack of reference to other public services like sanitation: Could this be because in a secret EU Non-Paper “Guidelines on Commitment-Related Provisions” the EC is apparently requesting in the Trade in Services Agreement (TiSA) negotiations full commitments in Market Access and National Treatment across all environmental services sub-sectors using the corresponding UN CPC Prov. 94 classifications (9401 Sewage services, 9402 Refuse disposal services, 9403 -Sanitation and similar services)?

Yours sincerely,

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