

## **IFSW Policy on Social Work and International Trade Agreements**

### **Issues of Concern**

International trade agreements are being negotiated throughout the world. These currently include TPP (Trans-Pacific Partnership), TTIP (Transatlantic Trade and Investment Partnership) and TISA (Trade in Services Agreement). The aim of these agreements is to enable free movement of trade and services across national borders. There are several major areas of concern in the formation and operation of these agreements that give rise to concern about the future of social work services throughout the world:

1. Not all partners to these economic agreements are equal, in terms of economic wealth and/or social development; some are more equal than others.
2. These agreements often operate outside and above national legislatures and regulators. They are developed and encouraged to be developed through domestic political structures by multi-national commercial interests promising improvements through economies of scale. Historically the promised outcomes have rarely been achieved and the consequences have produced negative rather than positive outcomes for the people in our societies, creating job losses rather than increasing employment and in preventing national checks and balances of regulators to ensure quality control.
3. It is in the erosion of quality control at national or municipal level that causes particular concern to social work service users and providers. These mechanisms in society have been hard fought for to protect the vulnerable in our communities. The international agreements negate these nationally negotiated agreements, by-passing the international treaty and convention structures developed by such bodies as the UN, through the use of ISDS (Investor-State Dispute Settlement). This part of the international trade agreements is used by corporate lawyers to by-pass government safeguards or overrule the will of a national parliament. The net result is internationally agreed conventions, that ensure that human rights and social justice are promoted by states parties and the services they provide for the vulnerable in their societies, are by-passed.
4. As new international trade agreements develop the erosion of checks and balances developed within a country in developing social infrastructures to safeguard vulnerable members of our societies will continue. In developing the Global Agenda for Social Work and Social Development since 2010, with our sister organisations ICSW & IASSSW, the premise has been established that strong, inclusive societies are essential for healthy economies and peaceful societies, these are now under threat. The IFSW therefore has developed this policy paper to assist members, in their work with partners across the world, to understand how these international trade agreements will affect the work they do with people and use the information with

policy makers to ensure the vulnerable in our societies are protected in the international treaties our governments have entered into on behalf of all of us.

5. IFSW is grateful to the whistle blowers in our own and other disciplines who have brought these matters to our attention.

## **The impact of International Trade Agreements on Social Work and Social Development**

To understand the impact of these new agreements we need to look back at some of the results of previous agreements as they have affected people in the basics of life. In building sustainable communities there are human needs that have to be met - shelter, food, warmth, clean drinking water, peace and health. From these essentials economic and social developments support communities for all people, fulfilling one of our goals of respect and dignity for all. Some of the promises made to communities by politicians and international commercial interests have failed to deliver the proposed economic and social advances.

- **Employment and Economic Development**

Although governments claim that the agreements will have large economic benefits, this has not always proven to be true in case of other similar deals signed in the past. According to UCU (2014), when the North American Free Trade Agreement (NAFTA) was signed, it was claimed that it would create 200,000 jobs in the US. In fact, it has now been claimed that it cost 680,000 US jobs. A report conducted by the London School of Economics and Political Science (2013) commissioned by the Department of Business Innovation and Skills concluded that looking at existing patterns of US-UK trade, there was 'little reason to think that an EU-US investment chapter will provide the UK with significant economic benefits'. Moreover, the authors argued that there could be 'meaningful economic costs on the UK'.

According to Arevalo (2015), proponents of international trade agreements claim it will bring economic growth to the countries involved, and that if the economy grows, then the public will be better off. Recent studies, however, indicate that the TPP will provide limited economic growth with a GDP "gain of 0.00% for Australia, Canada, Chile, Peru, Singapore, and the United States; for Japan, New Zealand, Malaysia, and Mexico, the projected gain is 0.01% or 0.02%; Vietnam is projected to get the biggest GDP boost at 0.1%" (Burfisher et al., 2014, p. 21), with a potential reported loss for Malaysia of nearly RM 5 billion (Idris, 2014, para. 1) per year" (as cited in Arevalo, 2015). If such limited growth of GDP is the reality, the hypothesis that trade agreements facilitate an increase in a nation's wealth is significantly flawed, resulting in a conclusion that corporate businesses are the main benefactor of such agreements.

- **The Right to Safe Drinking Water and Sanitation**

According to the World Health Organisation "1.6 million people die every year from diarrhoeal diseases (including cholera) attributable to lack of access to safe drinking water and basic sanitation and 90% of these are children under 5" (WHO, 2015, para. 6). The right to safe drinking water and sanitation, which should be a basic right

afforded to every human being is not secured through the Trans Pacific Partnership trade agreement.

Two examples, both involving Argentina, show how through the ISDS provision installed within the TPP agreement, corporations can successfully sue governments even when it has been proven that the corporations have acted against the best interest of the public.

- In 1995 Vivendi Universal and its Argentine partner Compañía de Aguas del Aconquija S.A. were contracted to develop and operate the Argentine Province of Tucuman's water service. Within 12 months the company raised water bills by 70 percent and heavy magnesium deposits, which are a potential public health hazard, left the province's tap water brownish in colour. In that time they did not deliver an improvement to the service provided to the residents of the province. By the end of 1996 after significant public outcry and government dissatisfaction the agreement was cancelled, and in 1997 Vivendi filed a claim for \$300 million in damages against Argentina and won. (Public Citizen, 2007, p. 12).
- In 1999 Enron's Azurix division was involved in a water privatisation operation with the provincial government of Buenos Aires. Shortly after taking over it attempted to increase the rates. The increase was blocked by regulators. In addition, there was an algae outbreak which left consumers needing to boil their water. Enron decided to dissolve Azurix and exit from its Argentinian contract. They also filed "a compensation claim with ICSID. In June 2006, ICSID ruled that Argentina must pay \$165.2 million of Enron's Azurix \$525 million claim. Argentina has petitioned for an annulment in the Azurix case". (Public Citizen, 2007, p. 12) This was unsuccessful.
- **Unhealthy food**  
Following the signing of NAFTA (North American Free Trade Agreement), corporations from the United States increased investments within Mexico (predominantly within the food processing sector). This led to very high rates of child obesity in Mexico through the widespread consumption of soft drinks and snack food (De Schutter, 2011, p. 15).

Even though there is wide spread consensus that the NAFTA agreement is the main source of the obesity crisis now hitting Mexico (Carlsen, 2011, para. 5), restricting or banning advertising on unhealthy food would be an infringement of the market access provisions of the Services Chapter. Furthermore, any move to legislate against this may invoke litigation. In effect, this erodes a nation's sovereign right to rule for the betterment of its population. This may resign further generations to health issues like heart disease, obesity and diabetes therefore increasing the nation's costs on health beyond what it foresaw before NAFTA.

- **Fishing**

The right to food extends beyond land based activities. Fishing, to feed one's family, accounts for approximately 1 billion people (predominantly in developing countries). This is in terms of relying "on fish as their primary animal protein source" (Fisheries and Ocean Canada, 2012, para. 2). In regards to the right to food, the United Nations Special Rapporteur states "in the case of communities dependent on fish and fishing resources, Governments must comply with obligations to respect, protect and fulfil the right to adequate food" (United Nations, 2004, p. 21).

Provisions within the Services Chapter of the TPP will make it harder to restrict foreign vessels from entering waters and therefore further marginalise the communities who are dependent on fishing for their survival. The commercial fishing vessels are set up "towards export and may undermine local small-scale fisheries" (De Schutter, 2012, p. 10) by abusing the resources available beyond their capacity. This could further increase poverty within the local population. If a Government decides to revoke the fishing licence of such a company, who happens to also be from another TPP nation, they could be in violation of the fair and equitable treatment provision in the leaked TPP investment chapter and be sued.

- **Affordable medicine**

The right to affordable medicine (i.e. the continued accessibility to generic medication) is at risk across all nations negotiating the TPP. This is particularly significant for developing countries where the margins for wellbeing are the most delicate. In these contexts, reduced access to affordable medicine could have an impact on the mortality rate of nations.

One of the most blatant examples of differentiation that has emerged is in the field of HIV/AIDS. In developed countries with well-developed social protection systems this is now considered a chronic health condition controlled by the use of antiretroviral drugs. In developing countries, in Africa and Asia Pacific it is a killer disease where two generations of people have been lost in their communities.

There is an "estimated 257 000 people living with HIV in Vietnam, many of them drug users" (WHO, 2014, para. 4). The majority of the costs of the antiretroviral treatment (ART) fall outside the patient's realm. Latest figures show that the cost split is in the vicinity of "75% from health care providers, 25% from patients or their families" (Nguyen et al., 2014, p 101).

As one of the nation's negotiating the TPP, if Vietnam embraces the Intellectual Property provisions recently leaked, "it would make it very difficult, if not impossible, for generic drug manufacturers to enter and remain viable in the market" (Grover, 2012, p. 14). This would be likely to result in increased costs of critical medical treatments such as ART, making the expense untenable for the patient. Pharmaceutical companies would be granted license to do this is by enabling them to introduce a fresh use for the 'old' medication and re-patenting it again before the current patent expires. In turn this would stop the introduction of generic medicines that would otherwise be able to force a reduction in prices for consumers.

It is estimated that “the implementation of patent term extensions alone has already cost Australian taxpayers more than \$200million/year” (Hirono et al., 2015, p. 8). Recently in New Zealand, critics and supporters of the trade deal have discussed the ramifications of the TPP on Pharmac. Critics argued that “there were numerous ways the US and overseas pharmaceutical companies could undermine Pharmac's effectiveness as a result, including restricting cheaper generic medicines” (New Zealand Herald, 2015, para. 20). The Government's response was that it would not comment on ‘rumours’.

- **Pollution**

The World Health Organisation stated in a 2014 report that 7 million people died in 2012 as a direct result of exposure to air pollution, confirming that air pollution is the number one environmental health risk (WHO, 2014, para. 1). In addition, the Global Alliance on Health and Pollution articulated that “pollution is the leading cause of death in low and middle income countries” (GAHP, 2014, para. 4). On the basis of these two significant statements, you could assume a world-wide strategy (inclusive of international corporations) on the reduction of pollutants would be on the global agenda. Unfortunately this is not the case. In regards to the some past and present trade agreements, if a nation was to try to prevent its citizens from being exposed to pollution it could be sued under equivalent provisions to those which have been agreed in the leaked TPP investment chapter.

Current examples of TPP countries having been sued under equivalent provisions are:

- **Ethyl Corp v. Canada: ban of dangerous chemical:** In 1997 the Canadian Government banned the import of methylcyclopentadienyl manganese tricarbonyl (MMT) as they had not determined its toxicity. Ethyl Corp – the sole manufacturer of MMT in the world - then subsequently commenced litigation against the Canadian Government claiming the banning of MMT was an arrest of its investment. In the end, the Canadian Government dropped its ban and paid Ethyl Corp “\$13 million for costs and lost profits while the legislation was in place and gave Ethyl Corp. a letter authorizing the use of MMT, stating that there was no scientific evidence of any health risk or any impact on car exhaust systems” (United Nations, 2003, p. 20).
- **Metalclad v Mexico: Toxic Waste Facility:** Metalclad purchased a facility off a Mexican firm in the municipality of Guadalupe. The Mexican municipality decided not to grant Metalclad a construction permit until Metalclad cleaned up existing issues regarding toxic waste. As well as the decision not to grant the permit, the Mexican Government ordered the establishment of an ecological preserve on the same site. Metalclad started proceedings on the grounds that the denial of a permit amounted to “expropriation without compensation, and a denial of fair and equitable treatment”. The tribunal ruled “the denial of the construction permit and the creation of an ecological reserve” went against NAFTA's “obligation to provide foreign investors with a

“minimum standard of treatment,” because the firm was not granted a “clear and predictable” regulatory environment” (Public Citizen, 2015, p. 24).

- **Renco v Peru: metal smelter pollution:** In 1997, Renco purchased a lead smelting plant in La Oroya, Peru via its subsidiary Doe Run Peru (DRP). A condition of the sale was that Renco would perform and complete an environmental remediation plan called a PAMA. DRP has stalled, delayed and continuously asked for extensions to its obligation to the PAMA. In 2006 the surrounding environment at the site of the smelter was named in the top ten most polluted sites in the world with 99% of the children living in and around the site having high levels of lead poisoning. The Peruvian Government considered acquiescing to yet another extension. However in the end the “Peruvian Government rejected Doe Run Peru’s/Renco’s restructuring plan that would include reopening the metallurgic plan” (NJGI, 2015, para. 1). Despite undisputed evidence regarding the environmental impact made by Doe Run Peru / Renco, they pursued an \$800 million dollar litigation path against the Peru government.
- **Fracking**  
A 2011 United Nations General Assembly document submitted by UNANIMA International called fracking “a new threat to human rights” (UNANIMA International, 2011, p. 2) citing numerous examples of pollution in the drinking water after a controversial ‘extraction method’ was performed. This year Scotland voted in a moratorium on fracking. The Welsh Parliament following suit after world-wide environmental concerns were raised regarding the likelihood of fracking polluting the local water system (amongst other things) (National Assembly of Wales, 2015, para. 1). In New Zealand, the Government, through a report by the Parliamentary Commissioner for the Environment, accepted that the risks surrounding the fracking process could be managed effectively if operational best practices were in place and enforced through governance (New Zealand Government, 2012, para. 1). This has opened up avenues for corporations to start the exploratory process.  
  
The banning of the controversial fracking process is currently under ISDS litigation and Lone Pine Resources are challenging the province of Quebec on its moratorium:
- In 2011 the province of Quebec announced a moratorium on fracking for natural gas until an environmental impact assessment could be conducted. Lone Pine Resources already had plans and permits to start fracking directly under the St Lawrence River and argued that the fracking moratorium nullified those permits. According to Lone Pine, such policymaking contravened NAFTA’s 23 protections against expropriation and for fair and equitable treatment’ (Public Citizen, 2015, p. 22). Leaked TPP documents show that the same provisions used in this process to allow Lone Pine to sue under NAFTA have already been agreed to.
- Other examples

- The Swedish Company Vattenfall is currently suing the German Government 3.7 billion dollars because of Germany's decision to phase out nuclear power following the Fukushima disaster and a long campaign by environmentalists
- The tobacco giant Phillip Morris is suing Australian Government for limiting tobacco advertising, and the French company Veolia is Suing Egypt for raising the minimum wage.

### **How does this happen? - ISDS**

The agreements seek a process where companies can legally sue governments through parallel judicial systems that cannot be witnessed or scrutinised by the public, but through private hearings with judges nominated by the companies themselves. All sums paid will come directly from the taxes of citizens negatively affecting their intended purpose of running public services.

Should the proposed trade agreements become ratified this method of trade will become commonplace worldwide, radically affecting the basic human rights, the environment and standards of living for 99% of the world's population. These agreements also pose a direct threat to public service, education, health and social protection systems, as their aim is to liberalise the public service environments and placing them in the hands of profit-motivated companies, which will drive down quality and reduce service provision.

### **The IFSW Policy on international Trade Agreements and Social Work Services**

The evidence from current international trade agreements illustrate the damage such agreements can have on the development of sustained social development from the provision of the basic necessities for life to the social and economic infrastructure that promotes personal and community well-being.

In developing new national policies governments have shown that they become 'risk averse' in the fear that they may compromise the 'commercial contracts' resulting in potential litigation

Investor State Dispute Settlements (ISDS) allows "states to be sued for taking measures to protect public health that may adversely impact investments of the contracting party and private corporations" (Grover, 2014, p19). Examples are the legal challenges made by Phillip Morris in Uruguay and Australia about tobacco products and health warnings. The Indian government was similarly embroiled in a contract around 2G licences. (Third World Network, 2012, para3)

Patent Extensions by pharmaceutical companies have proven to be real barriers in enabling medical advances to be more available in developing countries. They prevent the development of generic medication that can be made available at a more affordable rate. The evidence from HIV/AIDS in Africa and Asia as still a killer disease and the eradication of

generations from communities compared with the chronic health condition as treated in the developed countries.

Demographic evidence of societies with expanding numbers of older people in their populations, increasing the number of the frail and vulnerable in our communities, provides opportunities for international companies to promote their services with national governments. As states struggle to balance their budgets with ever increasing costs from social protection systems the economies of scale promoted by international companies seem attractive propositions. However the evidence from previous promises and factual outcomes have shown that promised job increases have turned into job losses, wages have been driven down, zero hours contracts become the norm and standards of care have dropped. Every investigation into institutional neglect or abuse has been evidenced with a backdrop of poor staff working conditions and pay.

IFSW recognises that the further promotion of international trade agreements, developed as they are – behind closed doors – ignore our collective responsibility to uphold the respect and dignity of all people by promoting human rights and social justice within our own communities and internationally.

#### **Impact of this Policy:**

The International Federation of Social Workers states that the world needs good global governance based on human rights, social justice and environmental sustainability and not on trade agreements that priorities profit over people, wellbeing and the planets resources. To achieve a sustainable and peaceful world international trade needs to be founded on the principles of: Human rights, fair pricing, just international standards of labour, enforced corporate social responsibilities, capacity building for developing countries, agreed forms of dialogue underpinning supply and demand agreements – enabling all parties to participate, and share in benefits.

Social workers in many countries have been taking a stand against these proposed agreements. They have been involved in protests and have been advocating that governments make these trade negotiations public. IFSW fully supports their efforts and works towards new global governance arrangements that put people and the environment before the interests of profit making companies.

As ‘on-the-ground-practitioners’ with many decades of experience in all parts of the world social workers know that people must be involved in decisions that affect them. We know for democracy to function there must be full transparency and people must be engaged in meaningful discussions that affect their futures.

**References:** to be added

**Reviews.** All policy statements shall be reviewed minimum every six years and should set out the date for review.



## **Appendix**

### **TPP: The Trans Pacific Partnership,**

The Trans-Pacific Partnership (TPP) writes the rules for global trade - rules that will help increase Made-in-America exports, grow the American economy, support well-paying American jobs, and strengthen the American middle class. According to Glanza (the Guardian, 2015) The agreement on the deal has recently been reached between the 12 involved countries in the region, however, the agreement has yet to be ratified by the US Congress and other involved states (The United States Trade Representative ,2015).

### **TTIP: Trans Atlantic Trade and Investment Partnership,**

The TTIP is a bilateral trade agreement proposed between the EU and the US which is being pursued in the interests of free trade. The talks aim to eliminate barriers to trade in goods and services, to offer guarantees in terms of investor rights and to promote regulatory cooperation. These agreements mainly aim at creating a positive, secure investment environment for big transnational businesses. The US is particularly interested in the ratification of these agreements as a way of promoting the transnational interests of big US companies. The country currently has bilateral agreements with 20 states across the globe, including Canada, Korea, Oman, Mexico and Australia (Office of the United States Trade Representative, 2015).

According to University and College Union (UCU, 2014, p. 2), the EU-US treaty aims at the following:  
Eliminate the last remaining tariffs on goods traded between the EU and US – which are already very low, averaging 5.2% for the EU and 3.5% for the US;

Harmonise rules in the areas of trade, business and environmental standards;

Open markets in the service sector to delivery from international companies;

Open up access to government procurement markets and eliminate the practice of preferential treatment of local suppliers, and

Introduce investment protection provisions that include investor-state dispute settlement (ISDS) mechanisms. These mechanisms allow investors to challenge state actions which they deem threatening to their investment.

The negotiations between the US government and the EU Commission on TTIP started in July 2013 and there were seven negotiating rounds between 2013 and 2014. After the negotiations are over, each of the EU national parliaments must 'ratify' the agreement and it should then be ratified by the European Parliament and the European Council. Due to the concerns about transparency, the European Commission made more documents available to Members of the European Parliament in October 2014, as well as published a general 'negotiating mandate' ( The Office of the United States Trade Representative ,2015).

### **TISA: Trade in Services Agreement.**

The Trade in Services Agreement (TISA) is a trade agreement currently being negotiated by 23 members of the World Trade Organization (WTO), including the EU. Together, the participating countries account for 70% of the world trade in services. TISA is based on the WTO's General Agreement on Trade in Services (GATS), which involves all WTO members. The key provisions of the GATS – scope, definitions, market access, national treatment and exemptions – are also found in TISA. TISA aims at opening up markets and improving rules in areas such as licensing, financial

services, telecoms, e-commerce, maritime transport and professionals moving abroad temporarily to provide services (European Commission, 2015).