

DON'T TRADE AWAY THE CLIMATE



**Friends of
the Earth
International**

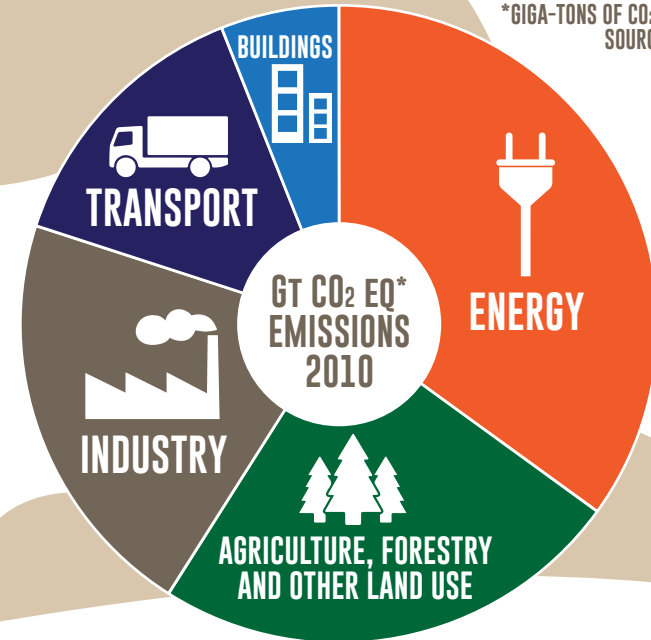


Photo: Stephen D. Melkisehian, People's Climate March 2014 in New York



GREENHOUSE GAS EMISSIONS BY ECONOMIC SECTORS

*GIGA-TONS OF CO₂ EQUIVALENT
SOURCE IPCC 2014



In December 2015 there will be a meeting of the United Nations Framework Convention on Climate Change (UNFCCC) in Paris to establish a new international climate treaty.

Civil society is demanding a systemic transformation of our societies and our economies, in order to address the underlying problems driving climate change. But even while civil society and movements are pushing for climate justice at the UN, trade deals conducted elsewhere—behind closed doors—are being prioritised by governments. This is undermining efforts to mitigate and adapt to climate change, and threatens our ability to stop the climate crisis.

Trade and investment policies have a profound impact on greenhouse gas emissions and climate change, in a number of different ways.

International trade and investment agreements put profits before the planet and people, and are intended to drive growth in energy-intensive industrial sectors, the fossil fuel extraction and processing sectors, and intensive agriculture. These sectors are key drivers of climate change and fuel the destruction of forests—deforestation also contributes to climate change. The long-distance transport generated by increased international trade generates greenhouse gas emissions as well.

TRADE JUSTICE AND CLIMATE CHANGE: ONE STRUGGLE

Trade agreements threaten to undermine every effort to stop the climate crisis. Developed countries are negotiating numerous trade and investment deals that will lock in polluting fossil fuels and business as usual. Trade and investment rules put profits before the planet, limiting governments' ability to support local renewable energy, and empowering companies to attack environmental protections in secret courts. If we are to keep the increase in global temperature to less than 1.5 oC above pre-industrial levels, this approach is no longer possible. The world needs to agree to a binding global carbon budget in order to ensure a safe and sustainable future.

Photo: Mathias Rittgerott/Rainforest Rescue, Deforestation for palm oil in Peru

INDUSTRIAL FARMING AND CLIMATE CHANGE

Industrial agribusiness is currently one of the main drivers of climate change. Formally it is estimated that agriculture was responsible for 11% of global greenhouse gas emissions in 2010. *Tubiello et al, 2015* But if emissions related to chemical inputs, transport processing and storing food are included, plus the expansion of the industrial meat industry and associated deforestation, this figure is nearer to 50%. *GRAIN, 2009* Livestock is a particularly important driver of climate change, because of its role in forest loss and because of methane emissions. *FAO, 2015*

Corporate-driven free trade agreements are used by industry to prevent, remove or weaken trading partners' regulations protecting health and the environment. The US Chamber of Commerce has described a "harmonized approach to regulatory cooperation" as the "gift that keeps on giving". *CEO, 2015* (in practice this 'harmonisation' can mean removing regulations that are perceived to be trade barriers)

Even more alarmingly, the current unjust trade regime works to lock in dirty fossil fuels.

WANT TO GET SUED FOR BANNING FRACKING?

NO THANKS!

For example, it is increasingly common for trade agreements to include **clauses that allow companies to sue governments directly in secret courts**, for actions such as shutting down coal-fired plants. Other actions that could be challenged in this way include support for local renewable energy and regulating dirty fuels like coal and tar sands.

Critically, the official 'trade trumps climate change' approach also has a chilling effect on intergovernmental and national policy-making—governments fear losing influential support from industry and/or being sued, so they are put off taking a strong stand right from the start.

Governments negotiating in the UNFCCC, for example, are backing a range of **'false solutions' to climate change that are business-friendly, and only include measures and policies that don't conflict with the trade regime.**

We urgently need to change the international trade and investment rules that are standing in the way of our transition to a just, sustainable and climate-safe energy system. We need a democratic and sustainable approach to managing our economies that is based on new economic goals, prioritising the equitable and sustainable use of limited resources, strengthening local and regional economies, and increasing people's control over local resources.



TRADE DEALS UNDERMINING CLIMATE REGULATION

There are three massive new regional trade agreements driven by the US, EU and big business that are even more far-reaching than the WTO. Together, these three agreements will affect the lives of over 1.5 billion people and have a devastating impact on our climate. They are: the **Trans Pacific Partnership (TPP)** (which has already been agreed, although it still needs to be ratified by governments), the **Transatlantic Trade and Investment Partnership (TTIP)**, and the **Trade in Services Agreement (TISA)**.

These deals are negotiated in secret. For example, in Europe even Members of the European Parliament have only limited access to TTIP documents. The number of MEPs allowed to see the documents is strictly limited, and some documents, such as US 'input papers' and 'offers', are completely off limits. *ttip2015.eu, undated*

All these agreements aim to **reshape and limit governments' ability to regulate**. Essential mechanisms needed to address climate change—such as banning dirty fossil fuels or energy efficiency labeling—are considered as 'trade barriers', meaning that they are at risk of being removed.

In short, these treaties act as “**trojan horses**”, empowering corporations and industry lobby groups to influence legislation through special rights and provisions, at the expense of the public interest.

For example, TTIP includes a proposal for a 'Regulatory Cooperation Body', which would give corporations a privileged inside track, increasing their **power to stop or weaken new regulations** that could negatively impact on trade and investment. It would, for example, give corporations from the US the **chance to object to proposed EU legislation even before it has been put before European parliamentarians**. *FoEE, 2015* These agreements are not only a threat to existing rights and hard-won protection standards, they also threaten the ability of democratically-elected legislators to regulate in the public interest in the future.

Other examples of measures that could be challenged through these trade agreements include national efforts to tighten industrial emissions, increase energy efficiency, restrict investment in dirty energy, or increase fracking safety rules. *CEO, 2015*

TTIP, CETA AND DIRTY ENERGY

At a time when we should be urgently transforming our economies so that they are based on community- and socially-controlled renewable energy, TTIP's energy chapter does the opposite—it is likely to lead to an increase in the trade in dirty fossil fuels. The EU has called for increased exports of energy goods from the US including coal, crude oil, oil products, natural gas and electrical energy. This is expected to lead to more fracking in the US, and a greater reliance on fossil fuels in the EU. *ttip2015.eu, 2014*

Another similar trade agreement—the EU-Canada Comprehensive Economic and Trade Agreement (CETA)—was concluded in 2014. Just weeks after that, the EU's revised Fuel Quality Directive (FQD) was published—'coincidentally' its revisions removed a requirement for companies to report on the carbon intensity of fuels, meaning that the FQD will not stand in the way of Canada's ability to sell dirty tar sands in the EU. *ttip2015.eu, 2014b*



PEOPLE POWER STOPS BAD TRADE DEALS

WTO STANDS IN THE WAY OF CLIMATE ACTION

Uruguay has created a blueprint for how to stop these corporate-driven trade agreements. In September 2015, Uruguay decided to end its involvement in the secret Trade in Services Agreement (TISA) negotiations.

TISA is a radical new deal being negotiated by more than 50 countries. It aims to go far beyond current trade rules, opening up States' service sectors to foreign corporations. There is a heavy focus on privatising public services and reducing regulations. These measures are likely to lead to job losses, less environmental protection, and less accessible healthcare and education.

Social movements and non-profits in Uruguay have built a strong coalition against TISA, with popular opposition growing rapidly across diverse sections of society, from doctors to students. The Workers' Trade Union Federation of Uruguay (PIT-CNT) played a crucial role in organising mass mobilisations, along with other organisations including Friends of the Earth Uruguay/REDES. Thousands marching in the streets and a general strike against TISA increased pressure on the government, prompting it to walk away from the deal. *Palmer, 2015*

The World Trade Organization (WTO) plays a key role in maintaining the current unjust corporate-driven trade agenda, focusing on growth at all costs. It governs international trade between its 161 member countries, and also conducts negotiations to open up trade in different countries and sectors to foreign competition. This often has negative impacts for small and medium enterprises, and also impacts on governments' ability to regulate.

Its rules and negotiations also have consequences for the environment. Even the WTO's own report admitted that, "more open trade will most likely lead to increased CO2 emissions". *WTO, 2009* Rules on subsidies restrict governments' ability to support domestic enterprise and local economies—in the case of climate change this could mean stopping a rapid transition to renewable energy, for example. Rules on intellectual property rights push up the cost of low-carbon technologies. And rules on the patenting of life forms prevent farmers adapting to climate change through seed breeding and swapping, and generally work against small-scale climate friendly agriculture.

WANT TO GET SUED FOR TRYING TO STOP THE CLIMATE CRISIS?

“When I wake up at night and think about arbitration, it never ceases to amaze me that sovereign states have agreed to investment arbitration at all... Three private individuals are entrusted with the power to review, without any restriction or appeal procedure, all actions of the government, all decisions of the courts, and all laws and regulations emanating from parliament.”

Juan Fernández-Armesto, arbitrator from Spain, GAR 2012

The ‘Investor State Dispute Settlement’ (ISDS) process, which has been sneakily included in over 2,000 trade and investment agreements, grants foreign investors access to a tribunal behind closed doors if they believe actions taken by a government will affect their profits—or even possible future profits.

DFAT, 2015

The provisions have been described as a ‘ticking time-bomb’ *Hill, 2014* for climate policy, because almost any of the actions needed to address global warming could be challenged, as well as other ecological protections, labour laws, etc.

For example, Canada is currently being sued for US\$ 250 million under the North American Free Trade Agreement, by oil and gas company Lone Pine Resources, because of Quebec’s moratorium on fracking for oil and gas underneath the St. Lawrence River. *COC, 2015; Sierra Club, 2013*

In October 2012 the International Center for the Settlement of Investment Disputes (ICSID) ordered Ecuador to pay compensation of US\$1.77 billion (subsequently reduced to US\$1 billion) to Occidental Petroleum, under the US-Ecuador bilateral investment treaty (BIT). Ecuador had terminated a contract with the company, which had breached the terms of the contract and Ecuador’s hydrocarbon law. The panel [effectively] argued that their interpretation of the terms of the BIT should prevail over Ecuador’s laws. *www.isdscorporateattacks.org, 2015; Cheng, 2012; Reuters, 2015*

Photo: Judith Deland, Loy Yang power station

VATTENFALL V. GERMANY [CASE SETTLED: CLIMATE CRIME]

The climate impacts and public opposition to a new coal-fired plant in Hamburg led government officials to delay its opening and impose stricter environmental standards. Yet Vattenfall, the Swedish energy firm behind the project did not approve of the scrutiny, and in 2009 it launched a US\$1.9 billion ISDS case against Germany over the permit delays. In the secret investor-state court, Vattenfall argued that additional environmental protection was a violation of Germany’s obligation to give foreign investors “fair and equitable treatment.”

To avoid the potential fine, the German government reached a settlement with Vattenfall that involved removing additional environmental requirements, enabling the coal plant to begin operating in 2014. *Public Citizen, 2015, www.citizen.org/documents/egregious-investor-state-attacks-case-studies.pdf*

Photo: Mathias Rittgerott/Rainforest Rescue, Sand mining in South Africa



photo: Mathias Rittgerott/Rainforest Rescue, Tree plantations in South Africa



CORPORATE TRADE AND 'FALSE SOLUTIONS' TO CLIMATE CHANGE

Most governments prioritise international trade regimes and economic growth over and above the need for measures to tackle climate change.

For this reason climate 'solutions' often focus on a range of business-friendly initiatives that are expected to offer companies profitable opportunities on the back of the climate crisis. Such 'false solutions' give more power to polluting corporations and do little to address over-consumption and the underlying causes of climate change, as this is considered too great a threat to big business.

Carbon trading is one false solution to the climate crisis. A multi-billion euro industry built around the buying and selling of artificially-created 'rights' to pollute, carbon trading is a cloak for the disastrous lack of action by developed countries to cut their greenhouse gas emissions. For example carbon trading in the EU has enabled companies to continue burning coal and other polluting fossil fuels. *Politico, 2015*

Since deforestation contributes to climate change, UNFCCC negotiators are also aiming to finalise a mechanism known as 'REDD+' at COP21 in Paris. This superficially attractive idea is supposed to pay land owners for keeping trees standing (REDD stands for Reducing Emissions from Deforestation and forest Degradation).

However, in practice this approach is riddled with problems, and there are now some notable examples demonstrating that REDD projects are risky—both including financially and in terms of escalating disputes over who actually has rights to own the forests—and can endanger forests and the people relying on them (since REDD+ allows forests to be replaced with tree plantations, even though they are much less effective at absorbing carbon).

Furthermore, without reducing international trade in and the consumption of products based on deforestation, that deforestation will simply take place somewhere else. *FoEI, 2014*



PEOPLE'S TRADE SOLUTIONS

We need to change the international trade and investment rules that are standing in the way of our transition to a just, sustainable and climate-safe energy system.

The international trade and investment regime needs to be replaced with a democratic and sustainable approach to managing our economies. We need new economic goals that prioritise the equitable and sustainable use of limited resources, strengthen local and regional economies, and increase people's control over local resources.

Governments must be free to control exports, imports and investment flows in order to reduce carbon emissions and promote low carbon economies and technologies. They also need to be free to implement measures to meet the newly agreed Sustainable Development Goal of stopping deforestation by 2020. Such measures will involve support for agroecology and agroforestry practices, and community forest management. *FoEI, 2015*

'False solutions' to climate change are a product of an outdated economic-growth-at-all-costs approach and need to be abandoned. In particular it is time to dismantle carbon markets and ditch risky REDD+ projects, to make way for community-based approaches that are effective, ethical and equitable.

BUILDING SUSTAINABLE SOCIETIES

Moving towards sustainable economies will also involve:

- A new and alternative framework on intellectual property rules that fosters the development and sharing of low-impact, renewable energy technologies, and local green technologies and knowledge.
- Support for equitable South-South trading partnerships between southern countries ('South-South trade'), which will contribute to sustainable regional integration.
- The promotion of direct links between producers and consumers in order to prioritise local and regional trade.

Friends of the Earth is working on new UN treaty to hold corporations accountable for their human rights and environmental violations no matter where in the world they operate.

Finally, this move towards sustainable economies needs to be underpinned with effective measures regulating the activities and accountability of corporations, and establishing binding human rights and environmental regulations.



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