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Amidst G8 Hoopla, Much-Hyped Trans-Atlantic Free Trade Agreement (TAFTA) Hits Snags Before Negotiations Even Start

Projections of Pact's Boost to Economic Growth Inflated, While Contentions over Data Privacy, Food Safety and Other Issues Exacerbated by Recent Developments

WASHINGTON, D.C. – As President Obama announces the imminent launch of negotiations on the Trans-Atlantic Free Trade Agreement (TAFTA) at the G8 Summit today, the benefits of such a deal remain in question. Further complicating the pact are rifts between EU member states on its contents and recent U.S. revelations about the National Security Agency's indiscriminate collection of private data and wheat supplies contaminated by unapproved genetically modified organism (GMO) varieties.

Tariffs between the United States and the EU are already quite low, thus projections of gains from this deal rely on hypothetical efficiency gains from changes to domestic regulatory standards. Yet, even studies used to project a “benefit” from the deal [admit that neither consumers nor legislators would allow](#) most food safety standards, financial stability measures and environmental protections to be dismantled in the name of reducing “barriers.” France's recent stand on preserving [its cultural promotion policies that resulted in the sector being excluded from the EU's negotiating mandate for the talks is an example of](#) the obstacles corporations face in trying to remove many non-trade domestic policies. Those studies, however, do not take into consideration the economic and social costs of rolling back the long list of health, environmental and consumer safeguards targeted by the multinational corporations now driving the trade agreement's agenda.

“The claims that this deal will somehow be an economic cure-all and generate significant growth are simply not supported by any reliable evidence, but we do know that the talks are based on the demands of U.S. and EU corporations that have pushing for decades to eliminate the best consumer, environmental and financial standards on either side of the Atlantic,” said Lori Wallach, director of Public Citizen's Global Trade Watch. “This ‘deal’ is shaping up to be just another vehicle for the largest U.S. and EU corporations to sneak-in provisions they cannot enact through open democratic processes and leave citizens exposed to another financial crisis, unsafe foods and severe burdens on Internet freedom and innovation.”

[Studies](#) projecting efficiency gains from TAFTA have employed theoretical models that, according to the U.N., [rest on “strong assumptions”](#) that when modified can cause the theoretical

gains to disappear. Meanwhile, actual empirical evidence from prior attempts at “non-tariff barrier” elimination has indicated negligible efficiency gains. Certain costs and uncertain benefits spell a net loss to the economy from any deal targeting critical safeguards.

The use of GMOs in the United States has long been a contentious U.S.-EU trade issue, but now faces growing scrutiny after the discovery of [unapproved genetically modified wheat](#) in Oregon. The revelation has made European consumers, already averse to genetically altered foods, all the more [resistant to the calls](#) of U.S. agribusinesses to reduce or eliminate European restrictions on GMOs via TAFTA.

Another point of controversy remains telecommunications security. [As Deputy United States Trade Representative Michael Punke noted](#), the NSA’s indiscriminate spying on customers’ telephone records will make negotiations with the EU, whose data privacy protections are significantly more rigorous than those in the U.S., much more difficult. EU law requires U.S. corporations to meet seven privacy criteria before transferring Europeans’ phone, health, and financial records to the United States, in part due to (now confirmed) fears that the U.S. government could access the private data.

In addition, the deal’s proposed expansion of the notorious “investor-state” system would empower foreign corporations to skirt U.S. legal systems and directly challenge domestic health, environmental and other public interest policies before extrajudicial foreign tribunals authorized to order taxpayer compensation. After Congressman Alan Grayson (D-Fla.) sent a single email to supporters last month to alert them to this extreme provision, about [10,000 people lambasted the investor privileges](#) within 32 hours in comments to the Obama administration. The flood of concern signaled the public outcry that should be expected if U.S. negotiators pursue the expansion of investor privileges through TAFTA

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