

Open letter to the Dutch government: a global call to vote against CETA for trade justice
Date: February 2020

Dear Members of the Dutch Parliament,

We, more than 70 organisations and movements from countries predominately in the global South are writing to express our concern about the negative global social and environmental impacts of the CETA trade deal and similar upcoming European Union's trade agreements.

Trade rules have a global impact. From fires lit in the Amazon to clear land for soy exports, to a factory collapse killing workers producing shirts for global brands, or a small-scale farmer unable to make a living selling vegetables at a local market.

The CETA deal comes at a time when trade policy is at a crossroads, with a rising backlash against corporate globalization. From Brussels to Jakarta, millions of people are voicing their discontent, taking to the streets to challenge unfair trade deals. International trade agreements should not focus on maximising and liberalising trade and investment by reducing the transaction costs for corporate industry; it should prioritise how trade and investment can contribute to a healthy environment, food sovereignty, decent work, a sustainable economy and halting climate change.

Yet CETA is an extension and lock-in of a failed 'free' trade model. It includes harmful courts where foreign investors can sue governments regulating in the public interest, the liberalization of public services, weak and unenforceable sustainable development chapters, and strong powers for undemocratic joint working groups. The deal is a gold standard for corporations and a threat to global sustainability, democracy, and human rights.

We therefore call on the Dutch parliament to vote against CETA. By doing so, the Netherlands would not only prevent this one bad trade deal from being ratified, but it would also call into question the EU's ability to move forward with all the corporate trade agreements built on the failed CETA model. These include deals with Vietnam, Singapore, Indonesia, Australia, New Zealand, Mexico, Chile, Tunisia and the Mercosur countries (Brazil, Argentina, Uruguay, and Paraguay).

Blocking CETA would stimulate a much-needed debate on how to reform the global trade system to ensure it contributes to building a sustainable and just world, instead of maximising trade volumes and corporate profits. As one of the world's biggest importers and exporters globally, the EU plays a powerful role in setting global trade rules through bilateral and multilateral trade agreements.

Don't push the Investment Court System on the world. CETA proposes a modified Investor State Dispute Settlement (ISDS) mechanism, rebranded as the 'Investment Court System', through which thousands of companies could continue to circumvent domestic courts and sue governments in an exclusive justice system when national laws or regulations interfere with their ability to make huge profits. The EU's Investment Court System will lock countries into this broken investor protection system when many are working towards reform. It would curtail and undermine policymaking in the public interest, and could yet lead to rulings that directly contradict human rights and environmental law. It remains a one-way system that grants investors rights with no obligations, while denying rights for communities affected by their activities.

Examples of how ISDS has impacted countries in the global South include:

- Indonesia was pressured into giving Newmont Goldcorp special exemption from processing requirements under Indonesia's 2009 Mining Law, after the American mining company threatened an ISDS case under a Dutch Bilateral Investment treaty.
- Mexico has lost nine ISDS cases against investors totaling millions of dollars, with five new ISDS in the last three years. These include a suit against the introduction of a sugar tax on soft drinks, and several cases in the mining sector.
- Ecuador has faced 23 known ISDS cases totaling over US\$1 billion. One ISDS case actively undermined the national legal system which had found Chevron responsible for oil pollution in the Amazon and ordered compensation be paid for environmental damage.

There are almost 1,000 known ISDS cases to date, in which governments have been sued for a total of more than US\$623 billion. The painful reality of ISDS for the global South can be seen in increasing claims, which are sometimes greater than overseas development assistance (ODA) funds or annual national health budgets. For example, whilst the Dutch government gave US\$5.6 billion of ODA in 2018, a similar amount of US\$5.8 billion was awarded to an Australian mining company in an ISDS case against Pakistan in 2019.

These 'red carpet courts' for corporations should not be included in any international agreement. Blocking them in CETA would make space for real reform on harmful foreign investment. An increasing amount of countries—including Brazil, South Africa, India, Indonesia and Tanzania—have already voiced their strong concerns with this system of VIP rights for investors.

Time for a new trade agenda

Trade rules play a structural role in the organisation of international economic activities. Unless environmental, social protection and the public interest take primacy over trade rules, it leads to a 'race to the bottom' on standards. The rising greenhouse gas emissions from increased international transport are only the tip of the iceberg. CETA's labour and sustainable development articles are weak, biased and not enforceable. While investors get a binding court that can force governments to pay compensation, labour unions and communities are left with a complaint mechanism and an expert panel in which the outcome is, at best, a non-binding advice. This stark contrast exposes the asymmetry of corporate trade deals like CETA which put profits above rights. CETA does not support the right for governments to protect sustainable local economies.

We need new trade and new global governance models that work for all. We need trade policies that support local economies and do not impinge on human rights, a clean environment, better social protection, and more responsible energy and food production policies. We therefore urge you to engage in the UN Binding Treaty on Transnational Corporations and Human Rights and other multilateral initiatives that seek binding environment commitments.

In the face of the global climate and biodiversity breakdown—linked to increasing carbon emissions and rising inequality—we need to reset trade policy.

The CETA approach is not a viable way forward. But you are in the position to make a big step in the right direction.

We call on you to vote down CETA in its current form and demand trade deals that put people and planet at the centre, for your own country and ours. Block the further approval of CETA, and do not agree to forthcoming agreements based on the CETA model such as with Vietnam, Singapore, Indonesia, Australia, New Zealand, Mexico, Chile, Tunisia and the Mercosur countries (Brazil, Argentina, Paraguay, Uruguay).

Yours sincerely,

Friends of the Earth International

