

The SPD presents its conditions regarding the acceptance of the TTIP

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On 25 September Sigmar Gabriel, the vice chancellor of Germany and head of the SPD, demanded that clauses relating to the protection of investors are removed from the Comprehensive Economic and Trade Agreement between the EU and Canada (CETA). The ratification of this agreement will provide test run for the introduction of the Transatlantic Trade and Investment Partnership (TTIP) with the US. Gabriel's demand has come in for criticism, including from the outgoing EU Commissioner for Trade Karel de Gucht, who said that re-opening the negotiations about the trade agreement with Canada would make it impossible to sign it due to the divergent interests of various circles on both sides of the Atlantic. CETA and TTIP will contribute to nearly all existing customs duty being lifted (CETA will eliminate 98% of customs duty) and lead to a convergence of technical standards and they will thus establish a common transatlantic market. The protection of investors will include the possibility to settle disputes between governments and companies by means of international arbitration courts.

Commentary

- The clause on the protection of investors has been the cause of most controversy in the German debate over the negotiations of CETA and TTIP. Germany is concerned that Canadian and US investors will be able to circumvent German legislation and lodge complaints about government decisions in the international arbitration courts, thus undermining Germany's sovereignty. An example of this process is provided by the complaint issued by Sweden's Vattenfall which, referring to the Energy Charter, is making demands at the World Bank's arbitration court in Washington that the German government pay it damages due to its decision to shut down several nuclear power plants as part of Germany's energy transformation. So far analyses made by the Ministry of Economy supervised by Sigmar Gabriel have proven that numerous limitations imposed on investors seeking to defend their rights by means of the procedures envisaged in CETA would rather make them use German laws in situations of this kind.
- The Social Democrats are having difficulty taking a clear stance on TTIP. Other left-wing parties consider this agreement a threat to social and environmental standards in Europe. Sigmar Gabriel is ready to support the agreement despite the opposition to it in the SPD, as he is convinced that only a change in the Social Democrats' profile to a more

pro-business one will be enough to enable the party to gain an edge over the Christian Democrats in the following Bundestag elections. On the other hand, he cannot scare away the left-leaning electorate from the party, therefore he is demanding this amendment of the TTIP's provisions. Gabriel will thus try to set himself apart from the Christian Democrats who almost unconditionally accept the ratification of CETA and TTIP, which are Angela Merkel's main political projects.

- The debate over the ratification of CETA and TTIP will ultimately be a test for Gabriel's strategy. It is still unknown whether the two agreements will be ratified only by the EU institutions (the European Parliament and the European Council) or whether they will also require ratification by national parliaments. Gabriel will seek to influence Brussels in order to vote on the agreements in the Bundestag. This path will enable him to press for the removal of the clause on protecting investors from CETA and TTIP. This pressure will be applied on both Brussels and in Germany on the Christian Democrats since, without the SPD, it will not be possible to garner the support required to ratify the agreement in the Bundestag.