

**Comment
on the Draft Interim Technical Report of the
Sustainability Impact Assessment of TTIP**

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**Comment of the German Advisory Council on the Environment on the
Draft Interim Technical Report of the
Sustainability Impact Assessment (SIA) of TTIP
Berlin, 8 June 2016**

The German Advisory Council on the Environment (SRU) is an independent academic advisory body funded by the German Government.

The SRU advocates an environmentally sound foundation for the planned Transatlantic Trade and Investment Partnership (TTIP) between the EU and the USA. In a statement published in February 2016, the SRU presented concrete proposals for improving TTIP from an environmental perspective. In this statement, the SRU assessed the potential impacts of the planned TTIP agreement on German and EU environmental protection standards. For this purpose, the SRU examined more closely the proposed regulatory cooperation and investor-state-dispute settlement (ISDS). Based on this statement, the SRU hereinafter would like to submit a number of recommendations regarding the Draft Interim Technical Report of the Sustainability Impact Assessment (SIA) of TTIP. The following remarks mainly concern chapter 5 of the draft SIA report, which pertains to environmental impacts (page 168-217). The full report of the German Advisory Council on TTIP is available at www.umweltrat.de.

The impacts of TTIP on environmental aspects in other sectors should be explored further in the SIA. The economic studies on the impacts of TTIP are highly uncertain. Especially the calculation of trade costs of non-tariff trade barriers presents a particular methodological challenge (SRU TTIP statement, item 13). The indirect environmental impacts of non-tariff trade barriers (NTMs) and tariff reductions on the environment are even more difficult to predict. Despite these uncertainties, these questions should be analyzed and discussed. The difficulty is illustrated by the remarks of Josling and Tangermann on the complexity of reducing non-tariff trade barriers in the agricultural and food sectors (Josling and Tangermann, Agriculture, Food and the TTIP: Possibilities and Pitfalls. Brussels, 2014, CEPS Special Report 992014, p. 20 et seq., see also SRU 2016 item 8 et seq. for further details).

Concerning the environmental impacts (page 168-217 of the Draft SIA), the baseline assessments appear plausible. The predicted increases in CO₂ and overall emissions of pollutants seem to be well reasoned. Still, rather complex issues arise in relation to land

use changes. Land use changes can influence environmental areas such as biodiversity, ecosystems and water quality. These issues should be explored further in the study.

Chapter 5.4 presents estimates of the impact of TTIP on trade using the examples of trade in environmental goods and services, hazardous waste, illegal natural resources (case study) and unconventional fossil fuels (case study). This selection of topics seems unbalanced. At least one example in which negative effects are feared by the public should be included.

Paragraph 5.4.2 of the SIA on the investment court system (ICS system) uses a mock-ICS-case to illustrate potential problems of ICS. We recommend that a concrete case should be analyzed (e.g. the Vattenfall I case). The case study 4 on trade in illegal natural resources is overly optimistic, especially in regards to IUU fishing, where the provisions in TTIP's Sustainable Development Chapter are neither concrete nor detailed, so that from our point of view no significant positive effects could be expected in this area. The case study on energy efficiency seems overly optimistic as well.

Furthermore, the SIA should mention that there are areas in which more detailed provisions in TTIP would be beneficial for the environment. This concerns especially the planned sustainability chapter of TTIP. In this chapter of TTIP (from what we know about it based on the Textual Proposal of the European Commission on Trade and Sustainable Development of 6 November 2015), climate change, the Montreal Protocol and renewable energies are missing (SRU 2016, item 62). The sustainability chapter in TTIP should address specific critical issues such as the relationship between global trade and environmental protection and the admissibility of trade restrictions for non-certified tropical timber or the inclusion of air traffic in emissions trading.

Finally yet importantly, the report fails to discuss the precautionary principle. This question has been at the center of controversy in Germany (SRU 2016, item 49 et seq., item 57 et seq., item 104). The German public has major concerns that the precautionary principle will be weakened by TTIP. While the European Commission has anchored the precautionary principle in the draft chapter on regulatory cooperation, this is not the case for the TBT and the SPS chapters. To our knowledge, all trade law disputes under the auspices of the WTO have concerned SPS issues. It would thus be worthwhile to consider what the possible impacts of TTIP could be in this area.

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