

Backbench Business

Transatlantic Trade and Investment Partnership

1.54 pm

John Healey (Wentworth and Dearne) (Lab):

I beg to move,

That this House has considered the Transatlantic Trade and Investment Partnership.

I am pleased to have secured this debate on behalf of the all-party group on European Union-United States trade and investment, which I chair, and to have done so with support from the hon. Members for Aberconwy (Guto Bebb), for Carmarthen East and Dinefwr (Jonathan Edwards), and for Ceredigion (Mr Williams). I am also pleased to see that the Minister without Portfolio, the right hon. and learned Member for Rushcliffe (Mr Clarke), is on the Government Front Bench and will respond to the debate. It must be rare, if not the first time, for a Cabinet Minister to respond to a debate such as this. I take that as a good sign that the Government are at last starting to put some serious political weight behind the debate about securing a very good deal for Britain in the trade negotiations between the EU and the US.

It is seven months since the House last debated the transatlantic trade and investment partnership. That debate was also secured and led from the Back Benches by members of the all-party group. It took place in July, just a week before the first round of negotiations began. Since then, there has been very strong progress, with three rounds of negotiations and a fourth round set for next month. The European Commission has taken the unprecedented step of setting up an advisory panel of business, trade union and consumer interests, and of freezing any discussion on dispute resolution while it conducts consultation. We have seen a level of political and media attention on both sides of the Atlantic that is markedly and unprecedentedly up on that for these sorts of deals in the past. Last week, we had a top-level political stock-take led by Commissioner de Gucht and US trade representative Michael Froman on progress so far.

Alok Sharma (Reading West) (Con):

Like everyone in the House, I want this partnership to succeed and for us to get to an end point. On the stock-take, the EU Commissioner noted that the areas of difference between the parties are still larger than the common ground they share. Does the right hon. Gentleman share my concern that there may be slippage in the timetable?

John Healey:

There may indeed; the hon. Gentleman raises an interesting point. He has been part of the cross-party efforts in this House in taking the debate about the potential for this deal out more widely into the country, and he spoke at a business debate in Reading in his constituency.

What I fear more than slippage in the timetable is that we are entering a period in the life cycle of any trade negotiations when the uncertainty and the risks are greatest. It is still unclear what exactly is on the table, those with specific concerns are voicing them fiercely, those with general support for the deal are still muted, and the specific tangible benefits that may come to Britain are still not really clear. This is a period of significant risk, when elections to Congress and to the European Parliament during the course of the year may detract from some of the political momentum and support. The onus on Parliaments and Governments such as ours to maintain that political support and momentum during the months ahead is therefore greater than ever.

Steve Baker (Wycombe) (Con)

rose—

Julian Smith (Skipton and Ripon) (Con)

rose—

John Healey:

I give way to the hon. Member for Skipton and Ripon (Julian Smith).

Julian Smith:

Does the right hon. Gentleman agree that we in the all-party group have been somewhat helped by George Monbiot, who wrote a barking mad article in The Guardian, to which the Minister responded in his usual robust manner, and that we require George Monbiot to keep writing these barking mad articles so that we can resist them every step of the way?

John Healey:

The hon. Gentleman may be slightly disappointed by my response, because I do not necessarily agree with his arguments. However, I draw the same conclusion about the particular focus of the article: the case for investor-state dispute systems as part of a deal between the EU and the US. In fact, I have written my own piece in which I say that I cannot see the case for that in a deal such as that under negotiation. The case has still to be made—I will come on to this later—by those Governments who may favour it and, indeed,

by the Commission, whose role it would greatly enhance.

Julian Smith

rose—

John Healey:

I was going to give way to the hon. Member for Wycombe (Steve Baker), but he has left the Chamber, so I will, of course, give way to the hon. Member for Skipton and Ripon.

Julian Smith:

Will the right hon. Gentleman clarify how on earth Britain will be able to persuade inward investors to come here and how we will be able to do a deal with China if we cannot sign this agreement?

John Healey:

The answer is simply because a deal with China is very different from a deal with the US. The US and the EU both have long traditions of due legal process. If the hon. Gentleman looks at the representations being made by business and investors, he will see that there is very little call for the arrangements. The strongest advocate to date has been the European Commission, which is why I think the pause it has put on further discussions is so significant, although it did so only because it was put under significant pressure by those who had concerns, perhaps including Mr Monbiot in *The Guardian*.

These trade negotiations are about a potential trade deal like no other. They are the biggest ever bilateral trade talks, because together the EU and the US account for 30% of global trade and almost 50% of the world's output. They are also the best prepared talks ever, because the serious work was going on for almost two years before the talks were formally launched, and they are the most ambitious negotiations ever, because for the first time in history this would be an agreement between economic equals, without any significant imbalance in power and wealth.

This is, therefore, a deal like no other, but it is being conducted at a time like no other, because since the 2008 global financial crisis and world downturn, faith in politicians, established civil servants and big business is at an all-time low and mistrust at an all-time high. I think that heightens the sense that past trade talks have been unjustifiably conducted in secret, controlled by a few big countries and often dominated by the interests of multinational companies.

A symptom of that current suspicion led War on Want to assert in a well-written report last

week:

“TTIP is...correctly understood not as a negotiation between two competing trading partners, but as an attempt by transnational corporations to prise open and deregulate markets on both sides of the Atlantic.”

I quote that not because I agree with it, but because it is a sign of the degree of opposition and hostility to—and to some extent the lack of understanding of what is really at the heart of—the negotiations, which is fashioning the debate at present.

Lisa Nandy (Wigan) (Lab):

I am grateful to my right hon. Friend and colleagues from across the House for initiating this debate. Does he share my concern that many of the people we represent who are on zero-hours contracts and dealing with insecurity in the labour market will look at the United States, which is among those countries to have ratified the fewest International Labour Organisation conventions in the world, and be really concerned that this agreement, which could be very good for all of us, may actually make the situation worse for them? Would my right hon. Friend welcome a response from the Minister to that?

John Healey:

I would indeed. My hon. Friend is right: the US has failed to sign six central ILO conventions on labour standards, including freedom of association and other workplace concerns. It may be that a deal such as this could have damaging consequences for already insecure workers in the European Union and the UK, but on the other hand it might not lower standards and it might bring an economic and jobs boost that would benefit many in Britain. That is what we have to secure and we have to make sure that my hon. Friend’s concerns are set to one side and not realised.

Ian Paisley (North Antrim) (DUP):

We currently export more agricultural products than we import in trade with the United States, and maintaining that balance would, of course, be beneficial to primary producers across the United Kingdom, principally our farmers. Does the right hon. Gentleman agree that United States produce should meet our exacting standards in the traceability of foods?

John Healey:

I do agree. What is interesting about the way in which the debate has progressed in the seven months since the House last discussed the issue is that the Commission has become much clearer in saying that the stance of its negotiating team will be not to lower consumer, environmental or labour standards. I will suggest later that that should be one of four central tests that we or anyone else should be able to level at the quality of the negotiations and

the agreement struck.

My central point at this stage is to say that, for the first time—because of the level of interest and the level of mistrust in the establishment, politicians and big business—this cannot be a traditional backroom trade deal done by the elites in Brussels and Washington. Like justice, good trade policy must not only be done; it must now be seen to be done. Any legitimate agreement must command the broadly based confidence that it will bring benefits to British consumers and workers, as well as to British business. It must be subject to the scrutiny of open debate; otherwise, there will be a risk that bad policy will remain unchanged and that fears will flourish unchallenged.

My argument to the Minister in particular is that those involved in securing and ratifying an agreement—Government Ministers, negotiators and elected politicians—will have to work much harder and more openly for a deal, and those of us across all parties who are for a deal will have to work much harder to provide support to enable that to happen.

Caroline Lucas (Brighton, Pavilion) (Green):

I thank the right hon. Gentleman for securing such an important debate. While Ministers seem keen to keep the public in the dark, the banking lobby is so happy with the financial services proposals that it has said that the text could have come straight from its own brochure. Does that ring the same alarm bells for the right hon. Gentleman as it does for me, and does he agree that the TTIP must not allow banks to undo the crucial EU agreement limiting harmful commodity speculation in particular?

John Healey:

I had not heard that statement and I am surprised that the financial services industry has the detailed text of what is on the table, because we are not yet at that stage of the negotiations.

I want to do two things: first, I want to spell out a progressive economic case for trade and for the TTIP, and secondly, I want to set out four tests that I think a good TTIP deal and the Governments and negotiators involved must meet. On the economic case and why it is so important to the UK at present, I think that the great depression of the 1930s was the last economic crisis that was in any way comparable to what we suffered in 2008 with the global financial crisis and downturn. The policies pursued by the UK and the US back in the '30s are, I think, widely seen to have prolonged that slump and held back any recovery. Not only were there deep cuts in public spending; there was also a sharp rise in protectionism and a decline in multilateral trade. Therefore, part of the reason why deals such as the TTIP and, indeed, the EU's recent agreements with Canada and Korea are so important is that they avoid that default to beggar-my-neighbour economic policies and instead look to increase global trade through international co-operation. The UK has a particular need for the economic benefits

and boost of trade.

Mr Robert Walter (North Dorset) (Con):

The right hon. Gentleman has talked about the benefits for the United Kingdom of the TTIP negotiations. Has his all-party group considered how the UK would fare if it had to negotiate a similar deal with the United States outside the European Union?

John Healey:

Quite simply, there would be no negotiations. Interestingly, our all-party group recently had the Canadian ambassador in to talk to us about the Canadian deal and what lessons it might have for the TTIP negotiations. When the question was put to him, "Look, we've got long-standing British-Canadian relations, so why haven't we had a British-Canadian deal like this before?" in effect, he said, in his own diplomatic way, "You're not big enough: it's not worth our effort." This sort of potential boost to our economy and jobs is available to us through these negotiations only by our being part of a European Union that is capable of conducting such talks and of reaching such a deal with the US as an economic equal.

Ian Paisley:

Does the right hon. Gentleman agree that, strictly speaking, he is not entirely right? As I have said, we export more agri-food products to the United States than we import from it. In fact, we export more minced meat to the USA than we consume in this country. Along with other food products, that means we are very valuable to the US as a trading partner, and we could reach our own deal on that basis.

John Healey:

We are, indeed, such a trading partner, but I have to say that we are not big or significant enough to be in that position. Obama has made that clear and his staff have been even blunter—this sort of negotiation would not be available to Britain if it tried on its own to reach such a deal with the US.

Let me come back to the case for why the UK needs the economic boost and benefits of trade at this time. The size of our UK economy is still 1.3% smaller than it was before the peak prior to the 2008 global financial crisis and recession. The production component of our GDP is still about 10% smaller than it was before the downturn. We also have a high trade deficit—£30 billion in 2013—which has remained high despite the large fall in the value of the pound compared with the euro or the dollar during the downturn. At a time when we still have a domestic demand problem, trade deficits can lead to further weaknesses as income generated in the UK is spent overseas. In turn, that puts more pressure on factors such as household borrowing or inflated regional housing to fuel growth, which cannot produce a balanced or sustainable economic recovery. I must tell Government Members that, in his

speech in Hong Kong earlier this month, the Chancellor of the Exchequer recognised that the economic recovery has not so far been put on a sustainable footing. He said:

“Britain is not exporting enough.”

The TTIP alone will not of course produce the kind of long-term recovery that we need. Public investment in infrastructure and new housing, an active industrial and regional policy, and a new deal jobs programme for young people are all needed, but an ambitious trade policy will be an important part of our future economic strength.

Julian Smith:

Does the right hon. Gentleman accept that, as I understand it, there was no debate about trade or exports in this House under Labour for about 13 years, and that the number of trade trips by our Prime Minister in the past four years is more than the number undertaken by two Prime Ministers in 13 years? Government Members do not need to take lessons from Labour on exports.

John Healey:

I remember a series of very high-profile international trade trips led by Prime Minister Blair and by my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) as Prime Minister, but I have no idea about the figures. My point is not to offer lessons, but to make the case for the importance of trade as a part of a strengthening UK economy and of our efforts to secure a more balanced economic recovery and more sustainable growth in the future, as well as therefore to make the case for the importance of the TTIP to the UK, not just the European Union.

I suppose people may say, “Look, you’re a Labour MP. Why on earth are you making this argument about international trade and capitalism?” I have to say that I am also part of a Labour movement, which stretches back to Keir Hardie, that has a great internationalist tradition of qualified optimism about the benefits of trade. Hardie described international trade as a way of fostering shared values:

“Despite the keenness of commercial struggle there comes a time when on each side there grows up a feeling that underneath the hard bargaining...there is a human element...the dykes that separate man from man are broken down, and the waters of their common humanity begin to intermix and commingle”.

I can tell the hon. Member for Skipton and Ripon that it was the pioneering 1945 Labour Government who signed the first incarnation of the general agreement on tariffs and trade, which was of course the forerunner of the World Trade Organisation.

I do not want to labour this point too strongly in a cross-party debate, but it was in the same progressive spirit that Franklin D. Roosevelt encouraged trade as a way of dragging the US out of the great depression after the protectionism of his Republican predecessor Herbert Hoover. As a pro-trade Democrat, Roosevelt wanted clear rules and clear standards—in other words, fair as well as free trade. He said:

“Goods produced under conditions which do not meet a rudimentary standard to decency should be regarded as contraband and not allowed to pollute the channels of international commerce.”

My argument is that that progressive pro-trade case is even more important with the TTIP than with other trade deals, because a deal between the US and the EU would, as I have said, cover a third of world trade and involve countries responsible for almost half the world’s output. The size of our combined economies and the scale of the potential deal mean that it could set standards for future agreements with other countries on consumer safeguards, workers’ rights, environmental protection, trade rules and legal process.

Finally, to bring this together—

Madam Deputy Speaker (Dawn Primarolo):

Order. I hope that for the right hon. Gentleman “finally” means finally. The recommended time limit is 10 to 15 minutes, and he has now been speaking for more than 20 minutes. The debate is limited to three hours, and many hon. Members have indicated that they want to speak. I hope that he will not say, “Finally”, “In conclusion” and then “Finally, finally”, but that he is starting his last few sentences.

John Healey:

I am grateful for your guidance, Madam Deputy Speaker, because I had not appreciated that the debate is limited to three hours, rather than running until the Adjournment at 7 pm.

Madam Deputy Speaker:

Order. For clarification for all hon. Members, the debate is a timed one. It will last only three hours. It will not run any longer. That means that there may be more time for the Adjournment debate, but this one cannot last for more than three hours.

John Healey:

Thank you, Madam Deputy Speaker. I shall resist any more interventions—I have taken plenty already—and I will rattle through my four suggested tests, about which I am happy to elaborate on other occasions.

First, any good fair trade deal must deliver on jobs and growth. There is good evidence to suggest that it could do so if we get it right. As we discussed seven months ago in the previous debate, we need from the Government a very clear area-by-area analysis of where potential benefits might come in the UK.

Secondly, we need a deal resulting from negotiations that are open and accountable to those that it will affect. The European Commission has taken significant steps on that, as has the Department for Business, Innovation and Skills.

Thirdly, we need to aim for the highest possible standards of consumer, environmental and labour protection. Commissioner de Gucht's statement in London last week was very interesting and important. He said that

"no standard in Europe will be lowered because of this trade deal; not on food, not on the environment, not on social protection, not on data protection. I will make sure that TTIP does not become a 'dumping' agreement."

He also said that

"we are happy to be scrutinised on this".

I can tell him that he will be: that is part of our role in this Parliament and part of the role of the public.

Fourthly and finally, a good deal must allow sufficient leeway for Governments to act in their national interests. No trade deal should put at risk the vital democratic right of Governments to legislate in their national interests. Importantly, the Commission has stated:

"TTIP should explicitly state that legitimate government public policy decisions cannot be over-ridden."

I say to the Minister that it is up to the UK Government to ensure that that means nothing less than an exemption for the NHS from any deal. We did that in the Canadian deal, which states:

"Health care, public education, other social services excluded".

The NHS can and must be exempted in that way from the TTIP.

Finally, finally, Madam Deputy Speaker, those are the tests on which we all have a right to call negotiators, Governments and Parliaments to account. I hope that Ministers will accept them as measures of success, act to secure them in the negotiations, and account for them

to the public and in Parliament at each stage of the negotiations ahead.

Several hon. Members

rose—

Madam Deputy Speaker:

Order. Thirteen Members wish to participate in the debate. To clarify, the debate will end at 4.54 precisely. I ask Members to speak for 10 minutes or less. I am not setting a time limit—let us not panic. However, if speeches are long, it will be necessary to impose a time limit.

2.21 pm

Mark Field (Cities of London and Westminster) (Con):

I congratulate the right hon. Member for Wentworth and Dearne (John Healey) on securing this debate.

As the right hon. Gentleman rightly pointed out, in the aftermath of the 2008 financial crisis, politicians the world over were at great pains to avoid the policy mistakes that followed the banking collapse of the 1930s. Conventional Keynesian pump-priming was continually invoked as the means of preventing a recession from turning into a depression. Depressingly, rather less interest seemed to be given to the equally important lessons that the 1929 to 1933 era taught us about protectionism. The right hon. Gentleman referred to the Smoot-Hawley Tariff Act of 1930, which raised tariffs drastically on goods that were imported into the United States in a bid to protect American jobs from foreign competition. That Act sparked a domino effect among America's trading partners, who predictably imposed similar measures to protect their own economies. The result, as we all know, was a terrific slump in world trade that devastated economic growth and caused unemployment to soar. Only the ensuing second world war helped to get the global economy on its feet again.

In 2010, as growth remained elusive, I wrote and spoke in this House of my deep concern that we might see a new wave of protectionist measures being introduced by politicians who were under pressure to protect domestic markets. The House might recall the defensive, almost nationalistic tone of the debate as Kraft's hostile takeover of Cadbury was going through, particularly from the Opposition Benches. I called at that time for political leadership to make the case strongly for the massive benefits of free trade and to break down the remaining barriers.

It is in that context that I am heartened, four years on, by the enthusiasm with which the transatlantic trade and investment partnership has been embraced by policy makers.

Julian Smith:

Does my hon. Friend agree that, despite all the hassle Kraft got, its £70 million commitment to Cadbury and Bournville is another example of the great benefits that inward investment can bring to our country?

Mark Field:

Very much so. I suspect that my hon. Friend knows more about the chocolate industry than I, particularly as he is a Yorkshire MP.

The enthusiasm that I mentioned has been seen predominantly on this side of the Atlantic. The main aims of the partnership, on which formal negotiations began last July, are to increase trade and investment between the US and the EU by reducing tariffs, particularly on agricultural products; to align regulations and standards; to improve the protection for overseas investors; and to increase access to services and government procurement markets for foreign providers.

There is no doubt that the prize is enormous and that the TTIP is highly ambitious. The US is and will remain the EU's most important trading partner, with some \$2.7 billion of trade daily in goods and services.

Caroline Lucas:

I am sure that the hon. Gentleman is aware that the Department for Business, Innovation and Skills has commissioned a cost and impact assessment on the agreement. That research states that

“an EU-US investment treaty would impose costs on the UK to the extent that it prevents the UK government from regulating in the public interest.”

Why is the hon. Gentleman so gung-ho about such an agreement when the Government's own impact assessment states that the investor state part of it will cause problems for us?

Mark Field:

I look forward to the Minister destroying one or two of those arguments. I suspect that the hon. Lady has provided a selective reading of the BIS impact assessment.

Much of the media coverage of the TTIP has focused on the trade of manufactured goods. Rather less attention has been given to a sphere of commerce in which the UK economy excels globally: financial and professional services. I represent the City of London, which is a hub not only for banking, but for a range of related service businesses such as accountancy, insurance, consultancy, the law and pensions management. To put into perspective the

importance of those industries to the UK, in 2012, the financial and associated professional services sector employed some 7% of the UK work force, produced some 13% of total economic output, contributed £65 billion in tax and generated a trade surplus of £55 billion.

The City of London is strongly supportive of the TTIP, but has been consistent in its belief that no industry should be excluded from the partnership's scope, including financial and professional services. There would be benefits not only through boosted trade, but through a reduction in the potential for the kind of regulatory arbitrage that currently means that differences in the implementation of financial standards are exploited, thereby putting financial stability at risk. Some of the regulatory differences are unavoidable because of the variations in EU and US market structures and cultures. Others cannot be justified on prudential grounds.

As was demonstrated so painfully in 2008, we tend to get regulatory co-operation only in times of severe crisis, when deals are brokered at the eleventh hour to avoid market fracture. If financial services were within the TTIP's scope, I believe that we could design a stable, long-term framework for the discussion and co-ordination of regulatory issues long before we hit the next crisis point. The other great prize is that we could create a larger, more efficient market place for EU and US financial institutions, thereby solidifying their leading role in global financial regulation—a market that will get much bigger in Asia as the emerging economies of China, India and the like strengthen.

It is for those reasons that the EU has been lobbying hard for such services to be included in the TTIP negotiations. However, there is still stiff opposition from the US Treasury, which suggests that the TTIP is primarily a trade pact, not a forum for regulatory co-operation. The fear seems to be that the US might lose its sovereignty over regulation. It must be made clear that that is not what the EU proposes. Nobody wants to undermine existing regulations, even the Dodd-Frank Act. Co-ordination is quite different from capitulation. We need sustained, high-level political engagement to bring financial services within the TTIP's remit.

I am concerned that there is insufficient public awareness of the TTIP, including what is at stake, what the challenges and benefits are—I accept what the hon. Member for Brighton, Pavilion (Caroline Lucas) says—and what the potential benefits are. Quite understandably, given the systematic undermining of the world's political and economic elite in recent years, which has been referred to, there is a wave of distrust at the tenor of the negotiations that are under way. There is a common perception that side deals are being brokered to benefit global corporations, posing a risk to national sovereignty that might see our independent courts being made subservient to outside arbitration. It would be helpful if the Minister clarified his position on those arguments this afternoon. I encourage the Government to run an even more visible campaign on the TTIP that allows us all to have an open, honest discussion about its potential benefits and drawbacks.

Julian Smith:

Does my hon. Friend agree that it is not just the UK Government that should be carrying out that publicity, but the EU? Instead of focusing on Eurobarometer and the other daft publicity ideas that it has, the EU should be spending its money on promoting the benefits of this agreement to its population.

Mark Field:

I accept that, but realistically we in the UK probably also need our Government to make clear some of the benefits of trade—some of us in the Conservative party are convinced that the best future lies within the European Union, hopefully with a certain amount of reform going on as well. None the less, it is important that our Government make that strong case.

Debbie Abrahams (Oldham East and Saddleworth) (Lab):

Is the hon. Gentleman able to comment on earlier remarks by my right hon. Friend the Member for Wentworth and Dearne (John Healey) about exempting the NHS from the TTIP? Currently it is not exempt, although I have asked several questions of the Government to ensure that it is.

Mark Field:

If the hon. Lady will allow me, I will not comment on that but will leave it to the Minister. I wanted to speak about financial services, but I appreciate that time is tight.

David Mowat (Warrington South) (Con):

Briefly, my hon. Friend mentions the need for an EU-US regulatory framework for financial services, which I have not heard of before. How does he square that with what, for example, the Basel agreements try to do globally at the moment? Is that really the way forward?

Mark Field:

I say simply to my hon. Friend that given the potential huge benefits of the TTIP, it seems odd that important industries such as the financial and professional services are not included in it. Clearly we are in a state of flux about a lot of international and national regulation of financial services, but it seems that this would be a good place for us to make a robust case for open markets, particularly in an industry that will clearly develop in many other parts of the globe beyond the EU and US.

It is important that those who are proposing the TTIP show just what it can add to people's lives in terms of trading opportunities, jobs and a better variety of consumer products. If there is a perception that the deal is being engineered in an opaque way, it is likely to fall apart and we shall lose an enormous opportunity. Crucially, the United States must do the

same. In that nation, protectionist sentiment and economic nationalism are now fast replacing the wave of enthusiasm on which the TTIP initially rode.

Needless to say, progress in this field of influence will resonate strongly in the UK Government's negotiations for reforms within the European Union. It was, of course, the wily German statesman, Bismarck, who observed that

"politics is the art of the possible."

Although I believe it is sensible that the UK Government do not raise excessive expectations as to what might be achieved in negotiations with our EU fellow members, it is at least worth observing that in the aftermath of last autumn's EU budget settlement there appears to be a new mood towards some level of reform. One hopes that some of the UK's traditional European allies such as Poland, Finland and the Czech Republic, will not feel encumbered by a resurgent Russia from making the case for some fundamental institutional reform in the EU. Time will tell, I think.

Thank you, Madam Deputy Speaker, for allowing me to say a few words. This debate on the TTIP shows once again that the UK Government's goal should be that we remain the most outward looking trading nation. We have every reason to have been proud of that in centuries gone by, and hopefully we will be in the years and decades to come.

2.33 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC):

I welcome this debate and I am honoured to have put my name to the motion before the House. I am also pleased to be a member of the all-party parliamentary group on European Union-United States trade and investment, and I pay tribute to the work of the hon. Member for Aberconwy (Guto Bebb) and the right hon. Member for Wentworth and Dearne (John Healey) in guiding our work. I apologise to the right hon. Gentleman for missing his opening remarks. I was at a hospital appointment and I thought the debate would start slightly later in the day.

I must be honest and admit that when I was approached to join the all-party group, I had little knowledge of the transatlantic trade and investment partnership, but I quickly gained an understanding of the potential economic significance of the deal if it goes ahead. Wales is an exporting nation and outperforms the other component parts of the UK. We have a trade in goods balance of £4.9 billion based on 2012 figures; by contrast, England has a deficit of £122 billion. Despite recent setbacks in Welsh exporting figures, this potential trade deal is hugely significant.

It is right and proper that the House of Commons debates this issue, such is the potential

far-reaching impact of the trade deal for the economy and public services. If I was a Member of the Welsh Parliament, knowing what I know now I would also be demanding a debate and Welsh Government attention. I read today in the Western Mail that the First Minister is visiting the United States, and I would like to know whether he has raised the TTIP with the authorities there and the Westminster Government.

The UK Government have published a swish pamphlet promoting the positive potential of the TTIP, and we will hear many speeches in favour of it today. To add balance therefore, I will concentrate on some of the issues that I believe policy makers at Welsh and UK level, and the EU negotiating team, should focus on during negotiations.

Enthusiasm in Wales for the European Union values of the single market—one of the largest trading blocs in the world—is high, as it is for the fact that Welsh citizens are allowed to travel unimpeded and without visas within its territories, with the rights and protections that affords us in workers' rights and human rights. I have my concerns about the privatisation obsession of the EU, but I believe the Welsh economy benefits more from being a constituent part of the EU than from being outside it. That is why my party argues for a full and equal voice for my country as a member state.

Coming from that position, it is difficult to argue wholeheartedly against building on the EU single market by developing the TTIP. The EU single market essentially offers free movement of goods, services, capital and labour, and the TTIP would extend the same principles for goods, services and capital. However, putting a Marxist cap on for a minute, the TTIP would neglect labour—[Interruption.] I had to get it in. As I will explain later, that creates a potential imbalance that worries me and on which I need reassurance from those on the Government Front Benches.

It is a further irony that the Government are trumpeting an EU-US trade deal while edging closer towards withdrawal from the EU in all their thoughts and deeds. I suspect that some Tories secretly harbour the desire to withdraw from the EU while remaining in some future US free trade area. As President Obama recently alluded to, and as common sense would dictate, why would US companies—or for that matter any other major trading country—invest here if it did not afford access to the European Union?

David Simpson (Upper Bann) (DUP):

Although this is a good news story in that it can create about £10 billion for the UK economy, does the hon. Gentleman agree it is important that we help and encourage small businesses to take advantage of this, and of every help given to them that the Government can afford?

Jonathan Edwards:

I am grateful for that intervention and I will go on to agree with some of the points the hon.

Gentleman has just raised.

We in Plaid Cymru support the principle of affording exporters in Wales the opportunity to further their trade with the USA. It is the largest destination for Welsh exports outside the EU and involves 23.7% of all trade, which naturally leads to the question of whether there is actually a problem to solve with the proposed trade deal. Certainly, we would support any deal that was of mutual benefit and in the Welsh national interest, and we would want guarantees that SMEs are genuinely afforded entry into the market with the chance to create more jobs and grow the economy. For example, exports from local farmers in Carmarthenshire could benefit from a favourable deal. Indeed, the Farmers Union of Wales is very encouraged by TTIP.

However, Plaid Cymru would be opposed to any deal that ended up favouring big corporations and allowed the further hollowing out of industrial sectors of the Welsh economy. We also have grave concerns about the proposed EU-US trade deal as it currently stands with regard to investor-state dispute settlement—I will talk a little more about that later in my remarks.

Much needs to be done to increase transparency in these negotiations. I am an avid follower of the Twitter account launched by the EU negotiating team, but much greater effort needs to be made by the EU and member states to explain and inform people about the TTIP. Economists at the Munich-based Ifo Institute found that a trade deal would lead to a 13.4% increase in US income per head in real terms over the long term, but an average rise of only 5% among the EU 27, now 28—we in Wales welcome our friends in Croatia to the EU table.

The figures assume that the US and EU agree on a deal that would lower transatlantic tariffs, and harmonise and ease regulations in many sectors that are often referred to as non-tariff barriers to trade. Trust in any trading partner is essential. That is why last year I read with great concern the revelations that the National Security Agency surveillance programmes had been spying on Governments in Europe, with the help of intelligence services in the UK. The spying revelations had the potential to derail the proposed deal, given the understandable outrage in some European capitals. I am amazed that there has not been more public outrage here, given the level of intrusion into private lives. I imagine that had any other foreign Government pursued such blanket intrusion, the UK Government would have armed the nukes. Their deafening silence about the NSA revelations indicates a worrying collusion aimed at sidestepping UK civil liberty protections. That is why it is incredibly important that, at every stage of the negotiations on any deal, there is full transparency and accountability, and that all groups are allowed input. This is a matter for all EU nations and regions, not just the leaders of a few select large and economically powerful states within it.

EU Trade Ministers agreed on a mandate for the European Commission to conduct negotiations with the USA on the TTIP. A lack of transparency in future negotiations is a major cause for concern, yet EU Governments insist on keeping the mandate confidential.

The trumped-up excuse—that it is necessary for negotiations—does not stand up to analysis, as it will be available for the US to access. The mandate on the terms of any deal should be freely debated in the European Parliament and in European Parliaments, and not arrogantly assumed by the European Commission and state Governments.

The French Government have apparently secured the exclusion of culture and audiovisual services from the mandate. There are still many risks that deserve the same attention. There are serious concerns that negotiations could lead to investor claims that threaten core EU standards and rules on the protection of public services—such as the NHS, which was raised earlier—intellectual property, food safety, GMO crops, and health and environmental standards.

Caroline Lucas:

The hon. Gentleman is making a very powerful case. Does he agree that it is not enough simply to plead for special exemptions to one or two sectors, such as the NHS? Corporations should not be given new rights to sue the Government for legislating in the public interest, whatever the sector. That bit of the TTIP should simply be taken out.

Jonathan Edwards:

I fully concur with the views of my hon. Friend. I will go on to talk on that specific issue in the remaining parts of my speech.

Concerns over data protection have been completely overshadowed by the US Prism spying programme. The US is much better organised in economic and industrial policy and will have no qualms about defending its narrow interests, making the need for transparency in the negotiations imperative. Most worrying about the TTIP as it stands are the proposals for investor state dispute settlement. This would weigh law in favour of big business, allowing them to sue Governments that attempt to defend their citizens. Secretive panels of corporate lawyers could circumvent legal protections and override the will of Parliaments.

David Mowat:

What proposals does the hon. Gentleman have to protect British investments overseas if he is so passionately against the current structure he mentions?

Jonathan Edwards:

I am extremely interested in that point. I was going on to say that this is a deal between two advanced trading blocks with advanced legal systems. The hon. Gentleman's argument would stand ground only if he believes that the United States is a banana republic, and I am sure that that is not what he genuinely feels.

Clauses written into trade treaties are often used when dealing with developing countries with weak legal infrastructure, so that companies can protect their investments. However, they should not be necessary in developed economies with some of the best and most highly functioning legal systems anywhere in the world. The hearings are held in secret and would undoubtedly undermine the ability of societies, citizens and communities to contest decisions that affect them. The Democracy Centre has called it:

“a privatised justice system for global corporations.”

Plaid Cymru completely opposes any proposals for investor-state dispute settlements within the TTIP, and believes that they are an affront to democracy and should be removed immediately.

Concerns over free trade agreements and the potential for an unequal relationship are not unfounded. The North American Free Trade Agreement between the USA, Canada and Mexico has undoubtedly been of greater benefit to the US and the larger corporations located within it, while US jobs are being outsourced to Mexico for lower wages. On the whole, this has been to the detriment of Mexican home-grown industry, as US corporations have moved in. It has also been detrimental to manufacturing and industrial blue collar jobs in the US, which have been outsourced, and to the small businesses in local communities that such jobs supported.

When out in the States in the summer, during a meeting between the all-party group on European Union-United States trade and investment and a member of President Obama’s inner circle, we were informed that future US economic strategy will be based on three pillars. One is to make the most of the fracking boom in the States, which means that it is now a net exporter of energy. The idea is to offer energy subsidies for heavy industry and manufacturing companies to reverse the flight to the Asian Pacific rim. This will mean that US companies will be at a huge advantage in being more competitive in any TTIP deal.

David Mowat:

The hon. Gentleman makes the point that the Mexico-US agreement was principally of benefit to the US and multinationals within the US. My understanding, however, is that since that agreement was signed the Mexican economy has grown by an average of 8% or 9%—far more than it had been growing previously. How do those factors stack up?

Jonathan Edwards:

I think the hon. Gentleman is trying to distract me from the point I was trying to make. I would go as far as to say that the TTIP advantage available to the US could lead to the stripping of my country’s manufacturing base.

To mitigate that potential threat, Wales must have control over its natural resources and energy production infrastructure, so that we can ensure that our manufacturing base is competitive and is not put at a disadvantage. We are a net exporter of electricity, which is why my party has called for the establishment of a not-for-profit Welsh energy company to build up an asset portfolio to protect domestic consumers and our economic base.

You, Madam Speaker, will appreciate that I, the son of a trade union shop steward, am concerned that the TTIP will not include the movement of labour, hence my Marxist critique of the current proposals. As Gary Younge wrote in The Guardian in 2001:

“Our governments are trapped in a morally warped and ideologically unsustainable paradigm. They applaud the free movement of capital; they abhor the free movement of labour.”

Several hon. Members

rose—

Madam Deputy Speaker (Dawn Primarolo):

We will start with a time limit of eight minutes on all contributions from Back Benchers. That may have to be revised downwards.

2.45 pm

Mr Robert Walter (North Dorset) (Con):

I congratulate the right hon. Member for Wentworth and Dearne (John Healey) and the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) on securing the debate.

I want to start by saying that I believe in free trade. I subscribe to the goal of global trade that is both free and fair. Achieving that goal, however, is a slow and grinding process. In my view, it will be many decades before there is any meaningful World Trade Organisation-led, top-down framework that we could call global free trade. Why? Because the parties range from the richest to the poorest nations on the planet, from the prairie farmers of north America to the subsistence agriculture of sub-Saharan Africa. If we truly believe in free trade, however, we should use the building blocks that we have today. The European Union is the world's largest market and we are part of it. It is the biggest building block in this equation.

Consider these numbers: EU GDP is 19.4% of world GDP, and US GDP is 18.9% of world GDP. Together that is nearly 40% of the world's productive wealth, but between us we still maintain some of the most stringent tariff and non-tariff barriers to trade. Below the wire, under the barrier, 30% of the EU's stock of foreign direct investment is in the United States, and 29% of the US's FDI is in the EU. This is, therefore, a no-brainer. If we can create free

trade across the Atlantic, with Canada as well of course, and have the transatlantic trade and investment partnership, that has got to be good for world trade, good for the United States, good for Europe and good for Britain. There are, however, those who want us to turn our backs on all of this and leave the EU, and so leave a trade deal representing 40% of world GDP.

The TTIP negotiations will not be easy. There are too many vested interests and we have heard about some of them already: in agriculture, the public sector, transport and financial services, to name but a few. However, the prize is so great and the balance of power so favourable to a deal that I am optimistic we can achieve it. Outside the EU, the cards are stacked against us. Heaven forbid, it would be difficult enough to get a deal with the EU if we had just left it. Of course, some Eurosceptics would argue, in spite of the hard facts, that we would still be better off out and better off negotiating our own free trade deal with the US alone. That is, frankly, a fantasy. Can the UK afford to squander such a strategic and economic opportunity? I believe we cannot, and I hope we make sure that we do not.

I want to reiterate my support for the Government's commitment to keeping our country firmly within the European Union, as a sure-fire guarantee of the UK's best interests. I hope they will continue to hit home the point that the two issues are intimately linked and mutually reinforcing. The promise of a trade deal highlights not only the material value that the UK derives from our membership of the EU, but the leverage and influence that we can only exercise by playing the lead role within it. This is a fact. The UK has accomplished so much within the EU over many decades. UK companies already enjoy unfettered access to a single market of 500 million people. The EU has helped to create around 3.5 million jobs, one in 10 jobs in our country.

I agree that the UK wants to trade with the whole world but so do the Germans, the French, the Italians and the Americans—but here we have the opportunity of securing free access on our terms to a stable market that will represent 40% of the world's productive wealth.

Mr William Cash (Stone) (Con):

In the light of his remarks, will my hon. Friend explain why, in our trading with the other 27 states, we have run a deficit, according to the last figures, of £49 billion, whereas with the rest of the world we run a surplus of around £13 billion, which is likely to rise by the end of this year to about £25 billion on the same goods and services?

Mr Walter:

As always my hon. Friend asks an incisive question that deserves an answer, which is that if we successfully negotiate this deal—which is with another 20% of the world—it can only be advantageous to open up those markets in the United States, Canada and other countries to

UK businesses.

There are other deals under discussion and in place that would mean that we would be more than halfway towards achieving our goal of world free trade. Do not let us throw that away. Our membership of the EU is too good to throw away and, in my view, the transatlantic trade and investment partnership is too good a deal to reject.

2.52pm

Jim Sheridan (Paisley and Renfrewshire North) (Lab):

I congratulate my right hon. Friend the Member for Wentworth and Dearne (John Healey) and others on securing this important debate. I also congratulate him on the measured way in which he presented his progressive arguments.

The TTIP could be a good deal. It has the potential for job creation, higher wages for workers and a better deal for consumers. Trade across the Atlantic between the US and the EU is a fact of life and the US is the UK's biggest export market. If people want to buy and sell across the water, we should do all we can to make it convenient for them to do so. But here is the key: we should have an agreement that helps ordinary people, not big corporations and big businesses. As it stands at the moment I, along with a number of my colleagues both in this House and in the trade unions, are concerned that the TTIP will allow companies to wield control over national Governments and in the long run may not help those we are told it will. The negotiations for this agreement are lacking transparency and we need more information and some people championing ordinary people's rights before we can accept what is on the table.

We are told by the European Commission that the agreement will give an extra €545 per year to a European family of four, but only one major study has been conducted—by the Centre for Economic Policy Research, two thirds funded by investment banks, asset managers and European central banks. We need better projections to identify the economic and social impact of the deal. An average figure is not good enough. We know, for example, that while the EU motor vehicles labour force could expand by up to 1.28%, other sectors, such as communications, electrical machinery and metals, are likely to contract.

Julian Smith:

Will the hon. Gentleman give way?

Jim Sheridan:

The hon. Gentleman has had a good run so far today. I am conscious of Madam Deputy Speaker's instructions.

The sustainability and employment impact assessment will not be completed until the end of the year and so we are in the dark about what we are signing up to. A much fuller study needs to be conducted as well on social, environmental and labour rights. When I was a shop steward I would never have considered negotiating without all the facts that were available to me. This agreement is on a far bigger scale and our Governments, with all the experts they have to hand, are going into this agreement without the information.

Mr Jim Cunningham (Coventry South) (Lab):

I agree that this could lead to protection for employees and the environment being waived. We need stringent safeguards. It could also lead to further privatisations if we are not careful.

Jim Sheridan:

I thank my hon. Friend and he raises the concerns of many of us. It is irresponsible and I believe negotiations should wait until we have a full understanding of the implications.

I spoke about labour rights, and I can certainly say more about this. As chair of the Unite the Union group in Parliament, I have spent my career fighting for the rights of workers here in the UK. Now I see an agreement that could undermine their rights and an opportunity lost to support our friends in the unions in the US. The US has ratified only 14 of the 190 International Labour Organisation conventions, unlike EU member states who have ratified them all. I understand that with this anti-union Government and the pull of the US Republicans we are unlikely to see the inclusion of rights to organise, rights to bargain collectively or as a last resort rights to strike, but there are some rights that are applicable across the EU, such as those on information and consultation, agency and temporary workers, and health and safety, which we could and should see included. If nothing else, the deal should not lead to a watering down of workers' rights. I am pleased that the EU is consulting with an advisory group of trade unionists, non-governmental organisations and employers, and that the Department for Business, Innovation and Skills is involved in a similar process. I hope that those in charge of negotiations listen to these groups, who I am sure will be keeping a close eye on labour rights, and act on their advice.

Many of my colleagues have raised the issue of the investor-state dispute settlement, which worries a good number of people. We already live in a world where certain global corporations seem to get away with breaking the rules and going over the heads of national Governments. The tax avoidance of global companies such as Amazon, Starbucks and Google, to name just a few, is unacceptable, but a stronger UK Government could hold them to account. The ISDS sets up a system where multinational corporations can challenge and sue Governments, but neither Governments nor individuals are granted rights to hold corporations accountable.

This is not just an empty concern: we see negative consequences in other countries. In

Egypt, Veolia has attempted to use this system against the Government for raising the minimum wage. In Slovakia, the Government had to pay \$22 million in fines after they reversed the liberalisation of health insurance. These decisions have been made for the good of these countries' citizens and Governments should not be held accountable by business for making decisions that are for the good of society.

We can easily imagine this happening here. Energy companies are scaremongering about my party's "freeze that bill" idea, and they might argue that it is a barrier to free trade. We see that we need to halt the market and make sure it is fair and competitive. We are protecting consumers and, in particular, the most vulnerable in our society who are paying through the nose for their energy. A 2015 Labour Government should not and will not bow down to pressures from these energy giants, and they should not be threatened by the existence of an ISDS. In recent history we need only look at what happened with the INEOS corporation at Grangemouth and the disgraceful way it behaved in treating its workers, with its attempts to blackmail the taxpayer for money.

Equally, Governments should be able to decide if and when industries should be returned to public control. As has been said, a key anxiety is that if the NHS is not exempt from the TTIP, corporations will use the agreement to force more large-scale privatisation following implementation of the Health and Social Care Act 2012 in England and Wales. What if a future Government or local authorities decided to return transport to public ownership? These measures could limit the ability of local or national authorities to use public money to achieve social and environmental outcomes through their supply chains. Decisions such as this should not be based on free trade. We need to retain our ability to run EU member states as we see fit, rather than as multinational corporations see fit.

A question was asked earlier about the possible impact of our leaving the EU on this potential deal. I would also ask about the impact of Scotland's pulling out of the UK. Unfortunately, not for the first time, no representative of the Scottish National party is present. [Interruption.] I see that one has turned up at the last minute.

If we are to accept this deal, there must be three certainties. First, there must be realisable growth in jobs and incomes, particularly in manufacturing. Secondly, the ISDS must be dropped and regard paid to the exclusion of public services. Thirdly and most important, there must be improved labour rights that are binding on the signatory parties.

3.1 pm

Mr Robert Syms (Poole) (Con):

I congratulate the right hon. Member for Wentworth and Dearne (John Healey) on introducing the debate, and on the manner in which he did so. I think it refreshing to have a debate about first principles and about how we might create future wealth, rather than about how

we might spend it. We have learnt from history that trade—and free trade in particular—has enabled us all to make ourselves richer. We do not have to be convinced about how interdependent the world is when we observe that the tsunami in Japan caused shortages in one or two of our car factories. That demonstrates how important it is for our nation to undertake international trade.

We have been through a difficult economic time, comparable in many respects to the 1930s, but in terms of public policy, politicians in most western countries have acted in a very good way, and have kept their economies moving forward. On the whole, they have done a pretty good job of tackling what I think was a major difficulty in 2007-08. A few years ago, I should have said that the forces of protection would be far more on the march today than they have been. I think that that is because the vast majority of our fellow citizens and constituents now recognise the benefits of international trade. We have seen the success of Jaguar Land Rover, which has exported 80% of its output—£13.7 billion—much of it not only to the United States but to the far east. That shows how we are creating wealth and jobs, and how the British economy can benefit from trade.

Julian Smith:

Will my hon. Friend give way?

Mr Syms:

I will not, because we are short of time.

There is a debate to be had about the European Union, and clearly Members have different views about it, but the key point is that it contains a major market consisting of more than 500 million people. I personally am glad that the EU is seeking trade agreements with the United States. I see nothing but benefit if we can simplify regulation, reduce barriers and increase trade.

Commentators often write off the United States as though it had had its time, but again and again it reinvents itself, with its Apples, its Googles and the fracking boom, which has had a material effect on energy prices. We are also seeing the repatriation of manufacturing jobs to the United States. I still think that the US has a very good future, and I think it vital for us, as a nation with a long history of campaigning for free trade within the European Union, to press our partners and colleagues to secure an agreement with it.

We have already heard today about the size of the combined economies of the European Union and the United States, which constitute well over 40% of the world's GDP. If we can establish rules which will mean an increase in trade, we shall have an advantage outside that particular trade area, because other countries will have to conform to some of the norms. It does not make sense that firms sometimes have to obtain a huge amount of authorisation for

products in Washington, and then do the same across the European Union. That increases costs, especially the costs of medicines and pharmaceuticals.

I agree with my hon. Friend the Member for Cities of London and Westminster (Mark Field) that this country is tremendously good at services. In respect of general agreements on trade, what we have not been so good at is opening up markets for services. What we need to do is persuade our Government, and the EU, to push for far more inclusion and far more trade between nations in this area, because it is an area in which we as a country can do particularly well.

It is understandable that that Opposition Members have worries, but I think that there is a great prize to be won. If we can boost our economic growth, this will be not a win-lose situation, but a win-win situation. Our country can be richer, our partners in the European Union can be richer, and the United States can be richer. I believe that if the world's major trading blocs do more trade, world trade will be increased, and we will all benefit from that.

3.5 pm

Ian Murray (Edinburgh South) (Lab):

I thank the Backbench Business Committee for scheduling the debate. Let me also echo the tributes paid by many other Members to my right hon. Friend the Member for Wentworth and Dearne (John Healey) and the hon. Member for Aberconwy (Guto Bebb)—who is present—for taking such an interest in the issue, along with their colleagues in the all-party parliamentary group on European Union-United States trade and investment. If it had not been for them, we would probably not have had the two debates on this subject that have taken place in the House over the past seven or eight months. They have raised the issue to the top of the political agenda, and they should be applauded for that.

The TTIP has cross-party support in the House. Indeed, it is supported by a coalition of organisations including the CBI, the TUC and consumer groups. We should reflect on that, and ensure that we get things right. However, as we have already heard today, that is not to say that the TTIP does not involve significant problems.

Julian Smith:

Will the hon. Gentleman give way?

Ian Murray:

I will give way once to my—hon. Friend!

Julian Smith:

I thank my hon. Friend. Following the point made by the right hon. Member for Wentworth and Dearne (John Healey), will he confirm that it is Labour policy not to oppose ISDS as it develops in relation to this agreement?

Ian Murray:

I shall be unpicking some of the arguments during the short time available to me. I think that ISDS is the subject of one of the most important criticisms of this process, and I shall be interested to hear what the Minister has to say.

The TTIP has huge potential. The CBI has rightly described it as a “global economic game changer”. It can create more jobs here in the UK, improve the wages of British workers, and deliver a better deal for our consumers, but only if we get it right. As we have heard, according to some assessments the potential gain to British output is between £4 billion and £10 billion, equating to between 1% and 3% in exports. We must, however, be cautious about the overall figures, as they have been questioned by some leading academics. My right hon. Friend the Member for Wentworth and Dearne has been asking for an area-by-area assessment, and I think that such an assessment would allow Members to sell the deal to their constituents. Perhaps the Minister will reflect on that.

Given that the European Union and the United States account for 40% of global economic output and that their bilateral economic relationship is already the world’s largest, the opportunities are clear for all to see. Between them, they contain more than 800 million consumers, and the TTIP has significant potential for them as well. It is clear from the helpful briefing sent to all Members by Which? that there will be big prizes for them if we can get this right. Opposition Members strongly support the principles behind the negotiations, and hope that their objectives—job creation, better wages, higher standards and consumer benefits—can be realised. That, indeed, should be the focus of all EU activity.

With the fourth round of talks scheduled to take place next month, things are moving rather quickly, but we are worried about the potential for the talks becoming derailed. Legitimate concerns raised by Members in all parts of the House about some aspects are not being taken as seriously as we would like by the Government.

Mr Jim Cunningham:

My hon. Friend has probably heard some of my colleagues say that the agreement will be all right provided that we have the necessary safeguards, such as employment rights. Multinationals should not be able to overrule an elected Government.

Ian Murray:

My hon. Friend is absolutely right. I shall deal with some of those issues later in my speech,

and I hope that the Minister will address them robustly.

The attempt to build momentum to get the deal through is understandable, given the political realities of the European elections in May, the fact that the European Commission is to be replaced this year and the very small issue of the US presidential election in 2016. Europe and the US are our most important markets. Indeed the US is the UK's largest export market and the UK economy attracts a significant level of foreign direct investment from across the Atlantic, but we all recognise that more can be done to make it easier to tackle barriers and to improve market access. We hope that the trade agreement will do just that.

Crucially, the benefits of any trade deal must filter down to employees, SMEs and consumers. As my right hon. Friend the Member for Wentworth and Dearne has rightly said, the business case for TTIP must be more than a case for business. He is absolutely right and in his speech he laid out in a measured way the issues that we should be looking at in assessing any final deal. I want to reflect on the four tests that he set. They are the thread that runs through the entire debate.

The first key test is the ability to deliver jobs and growth, with which I think we would all agree. Indeed, the EU should be focused solely on that issue. Secondly, the deal should be open and accountable. That reflects some of the other issues that have been raised by Labour Members. Thirdly, the aim should be to achieve the highest possible standards in respect of social and environmental concerns, data and wages. Fourthly, the agreement must allow leeway for national Governments to act in their own interests.

Through those four key tests, we will monitor closely the negotiations between the EU and the US, and the UK Government's input into them. Likewise, we want the benefits that businesses experience to be passed on to consumers, whether through increased choice or reduced prices. It is rather puzzling that we have a Government who extol the virtues of the opportunities that the TTIP brings, yet ironically argue at the same time that we must leave Europe. Frankly, the TTIP is a shot across the bows for Tory Eurosceptics—a gang that the Minister has never been part of, for which he should be commended. The hon. Member for North Dorset (Mr Walter), who is not in his place, said clearly that it is in the UK's interests to stay in the EU. I hope that the Minister will echo that when he responds to the debate. I firmly hope, however, that the UK is in the room for the negotiations and not carping from the room next door. This issue is far too important. That is why Labour will make the hard-headed, patriotic case, founded on the national interest, both for Britain in Europe and for change in Europe. To take up the benefits of an EU-US deal fully, we must be part of the EU.

Let me turn to some of the concerns that right hon. and hon. Friends have raised. First, they raised concerns about the ISDS aspects of the proposals, which have been well publicised and documented. Labour MEP colleagues and our sister parties in the socialists and

democrats group in the European Parliament voted to scrap that mechanism, but they have faced an uphill battle in the EU Parliament dominated by Conservatives and a minority of MEPs. Therefore, we will continue to push for the need for effective and necessary transparency to be included in the final deal. As the BIS study conducted by the London School of Economics found, the ISDS would have little or no economic benefit and carries significant political risks. It is welcome, then, that the EU Trade Commissioner has decided to consult on that, which will give stakeholders an important opportunity to raise their concerns and increase the transparency of the deal. My right hon. Friend the Member for Wentworth and Dearne mentioned War on Want, which has rightly campaigned on the matter and I hope that the Minister will be robust in having the ISDS removed from the TTIP negotiations. Can he update the House on his current thinking on that and whether he will press strongly for that to be removed?

Secondly, as my right hon. Friend the Member for Leigh (Andy Burnham) has said, we are clear that the NHS must not be included in any agreement. In fact, all public services should be removed. In the UK, the demands of a 21st-century care system require integration. Markets are not the answer to the delivery of today's health care. That would deliver something unwelcome in the form of fragmentation. The Government need to be clear on that, as they have sent out mixed messages to date. In response to my parliamentary question on 12 November last year, the Minister of State, Department for Business, Innovation and Skills, the right hon. Member for Sevenoaks (Michael Fallon), said:

"The Government has not sought to exclude health services from the scope of the Transatlantic Trade and Investment Partnership (TTIP) negotiations."

—[

Official Report

, 12 November 2013; Vol. 570, c. 598W.]

That is in contrast to the response from Lord Green to the British Medical Association. He has also called for health care to be explicitly ruled out of the negotiations. He said that

"national interests, including those of the NHS, are protected."

Those statements appear to me to be contradictory. Therefore, can the Minister set the record straight on the Government's position on the NHS, public services and the negotiations that are ongoing? As I said, those are the areas that could result in the derailing of any agreement. If the Government would rule out the NHS now, we could move forward with more confidence and transparency in the agreement.

I have a couple of additional questions to put to the Minister. First, does he believe that agreement before the end of 2014 is possible or likely? Secondly, what representations have he or his colleagues made to the EU and its consultation on ISDS? Thirdly, what engagement are the Government having with businesses, charities, consumer groups and trade unions on the issue to garner support and involvement? Lastly, what engagement strategy are the Government planning with the public, as it is not difficult to see why organisations such as Which? and War on Want think that this deal is being negotiated in secret?

The size of the prize embodied in the agreement is considerable. It is a prize that must be shared among all—business, employees and consumers—and not just corporate interests. I hope that the Government will be able to respond positively to our concerns. I want to make it clear to the Minister that Labour Members are very much looking to co-operate. However, he should be aware that we will hold him to account and ensure that he does not give negotiators a free rein. I urge him to push for transparency so that the benefits of this major deal are clear for all to see.

3.16 pm

The Minister without Portfolio (Mr Kenneth Clarke):

I too congratulate the right hon. Member for Wentworth and Dearne (John Healey) and his colleagues in the all-party group on securing the debate on this important subject. I welcome the fact that the vast majority of Members have spoken out in favour of the prospects of a trade agreement between the EU and the US, which we believe will be of great benefit to this country. I hope that the debate might serve the purpose of publicising the virtues of trade agreements between the EU and the US, as several hon. Members have said. I can assure Members that it is not for want of trying. I am afraid that the media in this country probably find the virtual consensus that exists between the main spokesmen in this debate one of the things that makes it less newsworthy. However, an agreement could be of enormous importance to the future of our economy.

The economies of most of the western democracies need a considerable boost at the moment and few things could give a greater boost on both sides of the Atlantic than a comprehensive deal that leads to a stimulus of trade in both directions. The values have been underlined. The case has been made. The figures on the potential value are speculative but there is no doubt there will be a stimulus to growth on both sides of the Atlantic, as the history of trading relationships shows. We should not forget that.

People keep going on about the fact that the agreement should be for ordinary people and not just giant corporations. What we are expecting to flow from that will be good for employment, particularly in modern, competitive sectors of our economy. It will also be good for consumers in increasing choice and keeping down prices and costs. As my hon. Friend the Member for Cities of London and Westminster (Mark Field) said, the last several decades

show that the benefits of open trade are of great advantage.

Several hon. Members

rose—

Mr Clarke:

I will give way shortly. I will merely say that the fact that we have this near consensus in British politics helps to give the UK a leading role in the negotiations. It is one of those areas where, despite our, at times, slightly tricky relationships with the EU, the UK is acknowledged to be the member state most in favour of open trading relationships. It is known that the UK's position is not dependent on the position of one political party but extends way across the political threshold. My role, at the request of my right hon. Friend the Prime Minister, is to ensure that British interests and influence are brought to bear both in Washington and Brussels as the agreement goes ahead. It will be of huge value to achieve this, but let no one be too complacent about the prospects of getting a comprehensive agreement. It will not be easy, but I believe that the prospects are better at the moment than they have been at any time during my political career.

Ian Paisley:

I fully agree with the way in which the Minister has approached this debate and the TTIP, but will he give us an assurance that he will ensure that the rights and interests of farmers and consumers are the top priority for the Government?

Mr Clarke:

I will certainly try to address all those concerns. That is the key reservation that is being expressed. A lot of Members say that they are in favour of a TTIP but are extremely worried that it will affect our ability to set standards, and it is important that we address those fears. I genuinely believe that they are unfounded, but it is feared that people are getting conspiratorial and somehow plotting to reduce farming, food safety, health and environmental standards on both sides of the Atlantic. The fact is that the British Government are convinced that a trade deal is not the place to raise or lower standards for the consumer, for the environment, for health and safety, for employment or for farming and food safety. Those are matters for the legislative authorities on both sides of the Atlantic to decide for themselves. On neither side of the Atlantic is anyone proposing to undermine those standards.

The hon. Member for Brighton, Pavilion (Caroline Lucas) drew our attention to the matter of financial services in the United States. When I go to the US, I find myself having to reassure people that we are not trying to reduce their standards in relation to Dodd-Frank. When I meet people in the Democrat party who are close to the labour unions, I have to reassure

them that our labour market standards on this side of the Atlantic are as good as, if not dramatically better than, those in the United States, even if our pay rates are not so high. The issues are not the same between us as they are between, for example, the United States and some of the Pacific rim countries. On neither side of the Atlantic is there any weakness in the lobbying from NGOs and others on all these issues. The negotiators on both sides of the Atlantic and the Governments of the European Union—certainly the British Government—have no intention of allowing our own right to legislate in the appropriate spheres to be compromised. Nor are we choosing this particular instrument to enter into a conspiracy to get round or lower the standards that we in this House and the people of this country wish to see applied.

Mr Brian H. Donohoe (Central Ayrshire) (Lab):

Our delegation that was sent to the States saw at first hand the discussions on the time scale. As I see it, that is the main hurdle that we face in relation to any agreement. Has the Minister any up-to-date information on the likely time scale for the introduction of such a treaty?

Mr Clarke:

The hon. Gentleman follows these matters closely, and he knows that, on both sides of the Atlantic, we broadly agree that we need to keep up the momentum and make progress. If we do not achieve this deal by the end of 2015 or early 2016, we will not get there at all because the politics will take over. That is the history of trade deals. We would all have preferred an arrangement like the Doha round, under the auspices of the World Trade Organisation, but since that has gone we have tried to move towards this kind of agreement. The pace will vary. We have made remarkable progress so far, and we are about to go into our fourth round. Some of the first offers have already been exchanged.

How quickly this goes will depend on events. The half-term elections in the United States might slow things down, for example. Also, the US is engaged in negotiations on the Pacific partnership, which is associated with our agreement and slightly ahead of it. In any event, we have to secure agreement within the present administrative term in the United States, and before the politics in any part of Europe start to go sour because a lobby group suddenly decides that vested interests can be protected by opposing the deal. We have every intention of pressing on and making progress as rapidly as possible.

Mr Robert Buckland (South Swindon) (Con):

In our negotiations with the US Government, is it not important that we should emphasise the distinction between the TTIP and deals such as the trans-Pacific partnership, on the basis that the risk of a sophisticated, regulated market such as the EU dumping inferior goods on the US is minimal, and that the fears that have accompanied other free trade deals need

not exist in the TTIP?

Mr Clarke:

I can assure my hon. Friend that I make that point, although we are not hostile to the Pacific partnership. It is perfectly reasonable for the American Administration to wish to conclude such an ambitious deal. However, people appreciate that the issues being discussed in Congress and among the American public are quite different from ours, and I think that that makes it easier for us to make progress. On the question of fast-track authority, which would determine when we eventually conclude, my hon. Friend has mentioned worries about the trans-Pacific partnership that are causing doubts in the United States. I think that we are waiting in the queue behind that agreement in that regard.

Mr Buckland:

Is there not a danger that members of Congress who are hostile to the fast-track authority proposals could somehow bring the TTIP into the mix and withhold FTA for our deal, as opposed to the trans-Pacific partnership?

Mr Clarke:

The answer to that is yes, there is a danger. I can assure my hon. Friend that we will do our best to minimise it, as will the commission in Washington. It would be most unfortunate if that were to happen.

That brings me to the question of transparency. No one is hostile to the idea of being transparent. The EU is a union of 28 nation states and Governments, all of whom have their own Parliament, and the desire to share information among Parliaments and the public is considerable. There is a dilemma, however, in that there is a conflict between that arrangement and the negotiating positions. There is no doubt that our American friends negotiate very hard indeed. They are pretty hard-nosed people when it comes to negotiating the detail, and we cannot send our negotiators into the chamber with all their bottom lines, their ambitions and the mandates they have received from their member states revealed. We need to get that balance right, but the instinct of Commissioner de Gucht and Commissioner Barnier—and certainly of the British Government—is to be as forthcoming as possible, so long as we are not simply feeding information to lobbies that want to try to put a spoke in the wheels. I entirely understand that getting public support—and, eventually, the smooth ratification of this deal—will depend on whether we have been sufficiently transparent with all the lobbies.

Katy Clark (North Ayrshire and Arran) (Lab):

Will the Minister give way?

Mr Clarke:

Let me make some progress; otherwise, I will not be able to complete my speech in the appropriate time.

The question of investor-state dispute settlements—ISDS is the acronym—has given rise to fears that the proposed deal is a plot between multinational companies that are seeking to destroy our long-established standards in labour laws, environmental laws and so on. I really do not believe that that is the case. On the other hand, the concerns are being taken seriously. I realise that we have to have substance to my assertion that we are not raising or lowering standards on either side of the Atlantic and we are not usurping the role of legislatures, which is why the Commission has said that it is going to consult. I understand some of the fears that have been expressed, but I do think that people have got the wrong end of the stick and the fears are wholly exaggerated.

Katy Clark

rose—

Mr Clarke:

Let me make my point and go through the argument, and then I will give way. First, let us remember that trade deals do benefit consumers, which is why consumer groups such as Which? are in favour of this trade deal. It is protectionist providers that resist such deals. Quality, choice and the price for consumers are improved where there is a good trade deal, and those with the best products and services tend to win out in trade deals. The ISDS clause is not a novelty; it is not some new threat that has emerged. Such clauses have been put into most trade deals for years and years. I have heard the familiar examples of odd claims that have been made in actions around the world, but these clauses have not had the effect that has been described.

Apparently, there are 3,400 of these clauses inserted in trade deals globally. The EU and its members have 1,400 ISDS clauses in various trade deals, and the UK has 94 ISDS clauses in our existing bilateral treaties. We have twice been challenged under ISDS for standards alleged to break our treaty obligations, but so far no British Government have ever lost a case under ISDS. What we have done is successfully brought claims against other countries; we have had slightly more success there, because the point of an ISDS is to underline the value of the total agreement by making sure that no individual investor or business can be disadvantaged by a Government or union of Governments breaking the obligations they have entered into.

The case was cited of Slovenia—somebody, perhaps the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards), said Slovakia—and my understanding is that it was lost when, as a result of local lobbying, that country went back on the deal it had just done to

open up its health insurance market. That cannot be done, but no ISDS takes away the right to legislate from a Parliament; an ISDS gives rise only to a quicker and cheaper means of resolving disputes if there is some suggestion that a Government are breaking the agreement. Some say, "No European Union Government or the USA would ever do that", but one of the big ambitions of those on this side of the Atlantic is to open up the public procurement market in the US. In some states of the US it is open, but in others it is not; some states do not measure up to WTO standards at all. Far be it for me to express the faintest doubts about the approach of politicians in some smaller US states or some EU states, but public procurement sometimes takes on a pork barrel element when the contracts are being placed, as opposed to when the tenders are being issued.

I think there could be some advantage, some reassurance and some pressure against people cheating in public procurement contracts if it is known that there is an ISDS clause. Of course it is quicker and cheaper, and it is arbitration and not litigation, but again the argument of those against ISDS is, "Why don't you just go to law? There is a perfectly good legal system in the European countries and in the US." I can say only that the US does have a perfectly good legal system, but it is expensive and it can be extremely long, as one sails through either the state courts or the federal courts trying to resolve a dispute. People have said that the advantages in all this agreement are as much in the area of regulatory coherence—with far more regulatory coherence stopping unnecessary convergence in our recognition of regulatory standards—than they are in tariffs, but small and medium-sized countries are not going to go into these markets if they are taking on the risk of having to go in for expensive litigation against American authorities that are plainly not complying with their terms of the treaty. Similarly, there are states in the EU where American investors would be most reluctant to sail in if they were relying entirely on the fact that they can take to the legal process in some southern European countries to challenge the bona fides of local officials over whether they were complying with the agreement. I will go no further, but the British have always put these clauses in our trade deals and the US normally puts them in its trade deals; 3,400 of them are in place and they have made a reality of free trade where it would otherwise not have happened.

Julian Smith:

I welcome the fact that my right hon. and learned Friend is standing up for small and micro-businesses, which will really benefit from this ISDS vehicle. Is he, like me, surprised that the Labour party, while claiming to be pro-enterprise, is so against this measure?

Mr Clarke:

Obviously, I understand the doubts being expressed, because some extremely respectable lobbies and non-governmental organisations—some consumer groups, some aid lobbies and some sections of the trade union movement—are raising all these fears. I genuinely think that they are mistaken and that their arguments, if they are too successful, will not benefit

employees, consumers or anybody else, which is why I am trying to rebut them. Those who have spoken—I do not think anyone would be offended if I described them as somewhat of the left of the broad political spectrum, which does not mean that they are unacceptably or extremely left—are getting the wrong end of the stick. The ordinary man and woman have a great deal to benefit from this TTIP. To make it less effective by excluding an ISDS would not help.

Katy Clark:

Will the right hon. and learned Gentleman therefore give us an assurance that nothing in this trade agreement would undermine the democratic ability of this House and other parts of Government in these islands to take decisions on the commissioning and organisation of public services—whether those services are in the private or the public sector?

Mr Clarke:

I realise that a broader issue underpins those fears, which is the extent to which there is scope for private sector involvement in our national health service, and that is part of a much bigger argument that I have taken part in for 30 years. I was not aware that a distinction was drawn between British, French and German private sector participation and American participation in our national health service. I can assure the hon. Lady that nothing in the agreement would open up access to the national health service beyond what is already permitted, and what was permitted under the previous Government. Overseas suppliers are already able to offer hospital services and health-related professional services through a commercial presence here. The important thing for anyone who engages in the provision of professional health services and health care companies in this country is that they have to comply with UK standards and regulations in just the same way as British health care providers, and, as I say, those standards will remain under the sovereignty of this country.

Mr John Spellar (Warley) (Lab):

The right hon. and learned Gentleman was asked a question regarding the involvement of micro-businesses, but the note from the Library states that the average cost of an arbitration case is \$4 million per party, about 82% of which is legal fees. The panel members can claim a daily fee of \$3,000 a day plus expenses, and billing rates for arbitration lawyers run up to \$1,000 an hour. Only major corporations will therefore be able to participate in this. I am not detracting from the main thrust of his argument, but this really is for major companies, is it not?

Mr Clarke:

I am not encouraging small companies to start engaging in arbitration in major commercial disputes. That is an average. It depends on the complexity of the issues. I think the right

hon. Gentleman would agree that full-scale commercial litigation—probably on either side of the Atlantic—is more expensive. This is a quicker arbitration process to substitute for the enormous costs that would be involved in challenging a public body, on either side of the Atlantic, on a commercial dispute about a breach of treaty obligation.

Mr Cash:

Before my right hon. and learned Friend concludes, will he elucidate on the point he made earlier?

Mr Clarke:

Which point I made earlier?

Madam Deputy Speaker (Mrs Eleanor Laing):

Order. Is the Minister giving way?

Mr Clarke

indicated assent.

Mr Cash:

It was with respect to the question of transparency and the fast-track arrangements. As my right hon. and learned Friend knows, President Obama, in his State of the Union address, called for fast-track arrangements. The next day, the Democratic leader in the Senate turned down the idea. Indeed, Nancy Pelosi, the minority Democratic Leader in the House of Representatives, turned it down only last week. Was my right hon. Friend being a little sanguine in his assessment of the position, and does he have any up-to-date information to give us today?

I said only that the timing of fast track authority would have an effect on the timing of any agreement. I follow these matters closely. Obviously, they are utterly beyond our control. This is a political issue in Congress. There is more support in both Houses of Congress for a trade agreement with the EU than I can remember in my political career, but people have reservations and of course many people in Congress would rather see all the details before they approve it rather than give too early authority. The problem is that no one will ever settle a negotiation with a US Administration on the basis that Congress might be able to suggest detailed amendments to it afterwards as a condition of approval. It would be improper for me to start offering opinions about how it is going to go with the United States, but the timing of fast track authority is a little uncertain. The doubts are more provoked by the Pacific partnership agreement than the TTIP. As my hon. Friend the Member for South Swindon (Mr Buckland) said a few moments ago, the two are slightly linked when it comes to

American debate.

Will the Minister give way?

This will definitely be the last intervention I will take.

On the basis of discussions on this matter with Senators from the United States, it seems that they are concerned, as we should be, about the growth in the Chinese marketplace.

Well, they are, but that is, as several people have said, part of the significance of this potential EU-US deal. It covers 47% of the world's GDP and about 30% of world trade. If we can get a proper comprehensive agreement, we will set standards that will guide future trade agreements that will inevitably involve China. The Prime Minister recently began to talk about the prospect of moving on to the big challenge of deciding how China should be accommodated in these arrangements, which are now, I am glad to say, spreading throughout the world. If we can tackle this one, we will be in a better position to contemplate how to deal with China.

The negotiations are making good progress. It gives some cause for optimism at a time when it is foolish to be naively optimistic about how rapidly we are going to recover from the worst financial crisis in modern times and how rapidly the western European countries, including the United Kingdom, will return confidently to secure normal growth in better balanced economies that are able to compete in the modern world. This agreement is going in the right direction. Needless to say, I agree with my hon. Friend the Member for North Dorset (Mr Walter) that it particularly underlines the value to this country of its being a full member of the EU. It is an illusion to believe that we would sit at these tables if we suddenly decided to leave the EU. It is a complete delusion for any Scotsman to believe that Scotland would continue to play any significant role in this kind of problem if it suddenly decided to revive the mediaeval kingdom and start leaving the United Kingdom. We live in a world where politics has never been more intimate and we live in a globalised economy where our aim must be to have a United Kingdom economy that is modern and competitive—as ever, opening possibilities for us. A confident United Kingdom will play a leading part in influencing the EU's progress towards a comprehensive deal that there is a good chance—no more than that—will be achieved within the next year or two. The fact that it has been so widely welcomed in this House will help us give added impetus and improve British influence in the process on both sides of the Atlantic.

Mr Clarke:

Mr Donohoe:

Mr Clarke:

Mr Donohoe:

Mr Clarke:

Several hon. Members

rose—

Madam Deputy Speaker (Mrs Eleanor Laing):

Order. The House will be aware that this is a time-limited debate and there is not very much time left. I therefore have to reduce the time limit for Back-Bench speeches to seven minutes.

3.44 pm

Mr John Spellar (Warley) (Lab):

Thank you, Madam Deputy Speaker, for calling me to speak, and I will truncate my remarks.

I start by congratulating my right hon. Friend the Member for Wentworth and Dearne (John Healey) on securing this debate. I apologise for not being here in the Chamber for his comments; I was chairing a meeting elsewhere in the palace.

A number of colleagues have spelled out the considerable economic advantages of a transatlantic trade and investment partnership. the US is Already our most important single market and trade with EU countries is a major part of our trade, even if—encouragingly—we are making significant advances in other markets.

An EU-US agreement would encompass more than 40% of world GDP, and along with EU agreements with Canada and Japan would encompass more than half of world GDP. Removing tariffs, however limited they are, and—more significantly—removing artificial restrictions would also provide a welcome fillip to these major economies, benefiting not only themselves but the rest of the world. The Foreign Office has made an interesting and useful assessment of the impact of such agreements on individual American states, and it would be very welcome if it did the same for both the countries and the regions of the EU as well.

However, it is clear from many of the articles that have been written and from some e-mails that we are receiving that we may have to take the debate back to first principles, starting by explaining why free trade is not only a good idea but why it has been a major driver in the removal of a massive number of the world's people from poverty during the past two centuries, particularly during the past 30 years. The mass migration of hundreds of millions of people in China, the development of Chinese cities and infrastructure, and the raising of the Chinese people's living standards have been awesome. That does not mean that I am oblivious to many of the faults, problems and stresses in Chinese society; given my political

history, it would be surprising if I was. However, everyone must recognise the seismic shift that has happened on the back of the world's freer trade environment. We must also consider the effects of that shift on wage distribution and the environment in other countries, and understand that generally protection does not benefit the worker or the consumer; mainly it benefits the monopolist, the corrupt bureaucrat or the profiteer and black marketeer.

As I have said previously, the argument about free trade goes back over the past two centuries. In our great industrial cities, we have monuments to the historic battles against the corn laws, and we may have to fight those battles again. If we do, the Conservatives would be particularly worried as the corn laws tore their party apart. However, we do not have the time available to us today to explore that issue further.

We must deal with three particular issues: the relationship between the EU and the US; the broader strategic approach of that relationship; and the vexed question of the dispute system, which is causing considerable agitation.

Too often, the debates on this subject have been focused on and posed as a choice between either the US or the EU. This agreement clearly shows that the US is not interested in having 28 separate agreements; it is interested in doing a deal with the EU—and not just about trade. A lot has been made in the defence field about the so-called "pivot" of the US between the Atlantic and the Pacific going from 50:50 to 60:40 in favour of the Pacific—by the way, that is still a huge presence from the world's only superpower. The transatlantic alliance has served us and a stable world extremely well, and reinforcing it would be important in its own right. Agreements between the EU and the US, Canada and Japan make a much better context for maintaining a liberal trading and political environment, because although I have acknowledged the huge Chinese achievement I would not wish to see the economic and political muddle of China dominating the international trade scene. In particular, I would not wish to see the arbitrary use of state power against workers and citizens.

However, there are legitimate concerns about whether some trade deals can undermine the terms and conditions of workers; my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) raised that issue. That has been the particular concern of the American unions about the impact of the North American Free Trade Agreement, including the agreement with Mexico. However, having met representatives of those unions, I know that they have considerably fewer reservations about a deal with the EU, because of the higher level of protection for workers, consumers and the environment that we have in the EU. Indeed, the level in the EU is higher than in some southern states in the US. Only recently, we have seen a massively funded and vicious anti-union campaign against representation in Volkswagen's plant in Tennessee. This time it was not even the employer, but feral right-wing Republicans—the buddies of some in the Conservative party—who were behind that action. The American Federation of Labour and the TUC have therefore gone into the matter in considerable detail—I congratulate them on their realistic appraisal—to seek

reassurance about the impact of any deal on workers' wages and conditions, as well as on the public provision of health and education, although such provision is not so much about the trade deal as the policies of the elected British and American Governments.

The Minister rightly drew attention to the impact of particular clauses. We have about 92 investment agreements with other countries, but only two have led to cases, neither of which related to public policy. We welcome the result of the World Trade Organisation agreement in Bali, yet the WTO has many arbitration provisions, several of which impact on such issues as tobacco packaging, which we have already considered in relation to investor-state dispute settlements. We need to be clear that investment must be encouraged, but both countries have mature judicial systems, so we must consider whether it is worth the argument about this to achieve the greater goal of what will be a beneficial agreement.

3.51 pm

Zac Goldsmith (Richmond Park) (Con):

It is good news that we are discussing the TTIP which, as far as I am aware, is the most ambitious free trade agreement ever attempted. On these complex agreements, national legislators, in their worthy pursuit of job creation, growth and trade, do not always pay attention to the finer details.

Some years ago when I interviewed Ralph Nader, the consumer activist and occasional presidential candidate, about the North American Free Trade Agreement, he told me that even though Congress was set overwhelmingly to back the treaty, he was convinced from his discussions with members that few of them, if any, had bothered even to read the text. He eventually offered a substantial prize to any member who was willing publicly to answer 12 simple questions about NAFTA. Following a long pause, a strongly NAFTA-supporting Republican, Senator Hank Brown of Colorado, accepted the challenge and reserved the Senate Foreign Relations Committee room for the ordeal. The cameras and journalists were there and, to everyone's amazement, he answered each of the 12 questions correctly, but when he had finished, he turned away from Ralph Nader to the cameras and said that having read the treaty, which he had not previously done, he realised just how awful it was, so he chose to do a U-turn and to vote against it.

At this stage, we do not have a huge amount to go on regarding the TTIP but, whatever one thinks about it, it clearly has serious implications and it merits close scrutiny. On the whole, free trade agreements are about lowering barriers to trade—that is their purpose—but, compared with the situation in other countries, there are relatively few barriers to trade between the EU and the US, so the main focus must be standards and regulations, with the goal of trying to harmonise them. However, it is hard to imagine that the process will involve any key standards going up; on the contrary, I suspect that we will see a spiral downwards.

We only have to read several of the publications put forward by some of the most substantial big business lobby groups to see that they are openly talking about removing under the TTIP whole rafts of standards and regulations that businesses believe hinder their activities. One does not have to believe in a conspiracy theory; one just needs to read the communications of some of the companies that are playing an active role in the process.

We are already seeing an emphasis on lobbying with regard to food, about which several hon. Members have spoken, and it is difficult to imagine the harmonisation of food standards working in our interest. Europe believes that providing clear labelling for genetically modified food is a consumer right, but such practice is absolutely opposed by the vast majority of states in the US.

Jim Shannon (Strangford) (DUP):

On the subject of food, two companies in my constituency wanted to export to the United States, but the border controls and financial conditions to which they were subjected ensured that they could not be competitive there. They therefore had to franchise out in the United States, which meant that the company back home could not grow or create jobs here, which shows the unfairness of the system.

Zac Goldsmith:

I thank the hon. Gentleman for that intervention.

There are so many differences between the US and the EU, and not only in the quality of standards, but in the approach to developing them. I cannot imagine a situation in which harmonising standards and regulations would work in the interests of the consumer. I have given the example of GM food labelling, but there are many others. A number of countries around the world, and indeed the EU as a whole, have chosen not to allow the import from the US of beef from cows fed a diet that includes the hormone ractopamine, because of the fairly grave health concerns. I suspect that most British consumers would support that position. Would that be challenged? Well, there is already plenty of talk among agribusiness in the United States that it should be.

Most worryingly, US agribusiness is strongly opposed to EU attempts to limit endocrine disruptors. The links between the use of such chemicals and the alarming increase in precocious puberty among young girls are not disputed. Will those standards that we have set across Europe be adhered to and maintained? That remains to be seen, but we know that plenty of lobby groups in the United States have their sights set on reducing those standards.

It is easy to remember that regulatory convergence will mean chasing the lowest common denominator. It is worth noting that, according to a whole raft of freedom of information

requests conducted by the Corporate Europe Observatory in the context of the TTIP, the Commission has met civil society groups just eight times over the course of those discussions, whereas it has met corporate lobby groups—I do not know how they are defined and am only repeating what has been reported—119 times.

I suspect that most Members across the House would agree that removing or simplifying unnecessary regulations, removing barriers to entry, particularly for small firms, and encouraging free trade are all laudable aims, but they need not happen at the expense of democracy. My concern is that the proposed ISDS mechanisms, which we have already heard a great deal about, will undermine democracy. Under those mechanisms, companies wishing to challenge a national regulation could effectively bypass the usual process and go straight to an investment tribunal. Often hugely important outcomes therefore rest on the shoulders of just three arbitrators—one is chosen by the company, another by the state and the third is a compromise of the two. It is hard to understand how this country would want or need such a system.

My right hon. and learned Friend the Minister was asked recently—

Mr Kenneth Clarke

rose—

Zac Goldsmith:

He is about to intervene, but I am going to quote him anyway, because he might be about to repeat this. When asked why that would be useful for this country, and indeed for Europe, he stated:

“Investor protection is designed to support businesses investing in countries where the rule of law is unpredictable, to say the least.”

There have been so many requests to this Government and to the European Commission for examples of countries in the EU that are beyond the pale along the lines of the description he offered, but not one country has so far been listed, so why do we need this process? Why do we need these tribunals for counties where the rule of law is adhered to more or less across the board?

Mr Clarke:

As I understand it, an investor who has access to this process would not be able to start arguing in favour of reducing standards in any regulation that has been passed by the legislature. Regulating will remain the responsibility of the authorities that already regulate. The only claim that can be made through the ISDS is that the state has gone back on its treaty obligation. Therefore, unless in the course of negotiations some agreement has been

entered into to change regulatory standards on either side of the Atlantic, there is no way our existing rules on food standards or anything else could be challenged by some American company that suddenly decides that now that we have signed a TTIP it has the right to try to change the rules. What we are trying to get rid of is unnecessary regulation and the duplication by regulators on either side of the Atlantic of processes designed to reach the same public objective. That is the kind of thing that can be eliminated, to the huge advantage of companies on both sides of the Atlantic.

Zac Goldsmith:

I very much appreciate my right hon. and learned Friend's intervention. At this stage it is very hard to know how things will pan out. Much will depend on the terms of reference, but there are plenty of examples from around the world—as he pointed out, this is not a new concept—of companies using similar provisions in other trade agreements in order to undermine domestic legislation.

The North American Free Trade Agreement is a good example. According to a succession of polls in the past year, just 15% of US citizens want to remain in NAFTA. It has become one of the most unpopular free trade agreements of all; it makes the Euroscepticism that my right hon. and learned Friend talked about earlier look like a joke. A striking example in relation to NAFTA concerns Canada being sued via one of these dispute mechanisms by Ethyl Corporation—he is probably familiar with the case—for banning the chemical MMT, which Canada considers to be a highly dangerous toxin. Canada had to settle; it paid millions of dollars in compensation and eventually had to reverse its ban. Incidentally, the ban still stands in the United States, which makes the decision even more perverse. There are many more examples, and I was going to rattle off hundreds, but time is short and Members will be pleased to know that I will not.

As this treaty unfolds, it is essential that we remain mindful of who it is designed to serve. A guard needs to be erected against the voracious lobbying by big businesses that have a direct interest in undermining a number of the standards that I cited and have been cited by other Members. I personally do not trust the Commission to balance those competing interests, for all kinds of reasons, some of which I have hinted at in my short speech. I strongly believe that it falls to legislators like us to apply scrutiny throughout this process, and I very much hope that we do.

4.1 pm

Katy Clark (North Ayrshire and Arran) (Lab):

It is a pleasure to follow the hon. Member for Richmond Park (Zac Goldsmith). I congratulate members of the all-party group on securing this debate. They have done a huge service to the House in the work that they have done to draw attention to this matter. This treaty

could have massive consequences for all of us, many of which are good. However, many concerns have been raised that the Government need to address and to provide a lot more detail on as we move forward.

There is absolutely no doubt that this trade deal potentially has huge significance for all of us. I therefore congratulate the mover of the motion, my right hon. Friend the Member for Wentworth and Dearne (John Healey), on the four tests he set out in relation to which we should consider it. The three points put by my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) go to the heart of many of the concerns that Labour Members have about aspects of the treaty.

A great deal of concern has been expressed about multinationals, particularly their ability to use investor-state dispute settlement procedures where the nation's regulatory framework is deemed to be a barrier to free trade. There is a huge amount of concern that this treaty could be yet another device that is used to thwart the wishes of Parliaments, as democratically elected bodies, to make decisions, particularly in relation to public services. We have heard a number of references to the health sector, which, in England in particular, is very politically contentious at the moment because of this Government's attempts to open the health service up to enable private providers, many of which may well be US multinationals, to enter the sector. However, the concerns raised about these provisions in relation to the health service are equally valid in relation to many other aspects of the services and utilities on which the public rely, whether they are currently in the public sector or the private sector.

We have to recognise that this treaty will simply be a piece of international legislation that sits alongside a range of other legal obligations that we have in place. I am very aware of that because in North Ayrshire and Arran the Scottish Government have spent many millions—indeed, tens of millions—of pounds in restructuring the ferry services that serve my constituency so that CalMac, a publicly owned body in Scotland, could take part in a tendering exercise that some private organisations also took part in. At the end of that procedure, we ended up with exactly the same ferries providing exactly the same services between the ports in my constituency. That example is relevant because of the European procurement regulations.

Many of the concerns raised today could already be seen as problems when it comes to decisions being made by democratically elected bodies about public services. Genuine concerns are being raised about the ability to use public procurement to achieve social and environmental outcomes, and about whether the provisions of this partnership treaty could restrict the ability of Governments—whether they are the UK Government, the Scottish Government, the Assemblies or local authorities—to make decisions about not just health, but other sectors, including transport.

Will it be possible for local authorities to retain provisions relating to public transport and public ownership? Will it be possible to bring public transport back into public ownership, if that is what democratic bodies decide to do? That is why the CalMac issue is relevant. Many of the restrictions may already be in place because of our pre-existing commitments, but this Government owe this House and, indeed, the British public the highest levels of transparency.

The British public do not want to be told by multinationals how we should organise our country. We have fought for democracy and we want those bodies for which we have fought and which exist to protect the individual and our communities to have the democratic ability to make decisions. I say to the Minister that that goes to the heart of many of the concerns being raised by Opposition Members about whether we are signing up to something that, while it may result in huge benefits for this country, may have a lot of devil in its detail and may cause huge problems and restrict the democratic ability of this House and, indeed, the British people to make decisions about how we want to organise our society. I hope the Minister will provide assurances that the treaty will not do any of those things, that it will have positive consequences and that the concerns raised are not justified in any way.

4.7 pm

Guto Bebb (Aberconwy) (Con):

It is a pleasure to follow the hon. Member for North Ayrshire and Arran (Katy Clark). It is difficult to try to make a speech after the Front-Bench speeches have been made, because many of the points I wanted to make have already been eloquently made.

Prior to this debate, I received a number of e-mails from constituents who are finally becoming aware of the issue of the TTIP, and that is no bad thing. The all-party group, which has been in existence for almost nine months, has held two debates and conducts regular meetings, so at least it is making sure that the issue is debated in a transparent manner in this Parliament. It is important that we discuss such issues as regularly as necessary and that we touch on the serious concerns that have been raised by a number of Members. It is clear that those who have spoken reflect a spectrum of opinion on this very important issue. I might not necessarily agree with everything that has been said by many a Member, but it is important that we have this open debate.

Given the current situation, this is an opportune moment for this second debate. A stock-taking exercise is taking place and there are question marks over the possible threat to the fast-track process, which will come as no surprise to those of us who travelled to Washington in October and early November, where the confidence of the British embassy was not reflected in our discussions with American Congressmen, who were very concerned about signing or agreeing any fast-track procedure prior to the mid-term elections this November. This is, therefore, an opportunity for us as parliamentarians to take stock as well.

We also need to be aware of the need to maintain momentum, because I am concerned at the number of scare stories I read in the press and certainly in my e-mail inbox. We need to address them, because it is important to make sure that our discussion is not just open, but honest. One of the scare stories I received in an e-mail said that the treaty would create no jobs or economic development, which is a risible claim. We have received evidence from the TUC, the CBI and the Federation of Small Businesses, all of which highlight the treaty's potential. More importantly, individual companies, including small businesses and farming unions in Wales, see the real opportunities for job creation and economic benefit from such a treaty. It is therefore important, whatever the views of Members, that we highlight the fact that the potential for job creation is very real.

Roger Williams (Brecon and Radnorshire) (LD):

My hon. Friend the Member for Richmond Park (Zac Goldsmith), who is no longer in his place, raised the issue of unfair competition from America in food production, which might arise not only from genetically modified and synthetic hormones, but from lower levels of animal welfare. I am sure that my hon. Friend the Member for Aberconwy (Guto Bebb) agrees that those issues must be resolved before we can wholeheartedly enter into this trade agreement.

Guto Bebb:

I accept that we must ensure that a treaty requires a level playing field for food producers. The Farmers Union of Wales and the National Farmers Union in Wales have certainly been very supportive of such efforts. Indeed, Hybu Cig Cymru, which promotes Welsh meat, has been to Washington in anticipation of the potential impact of the treaty on the Welsh food sector.

We need to make sure that there is a level playing field, but it is worth recalling the words of the Governor of Delaware when we were in America. That state is a huge producer of chickens, which it cannot export to the EU marketplace. He made a very fair point when he highlighted the fact that 96% of Members of the European Parliament have voted for a ban on American chickens, but that he had not met a single MEP visiting Delaware who said no to a club sandwich. When we talk about a safety issue, it is important that the issue is genuinely one about safety, not about a regulatory requirement that damages free trade.

Mark Tami (Alyn and Deeside) (Lab):

Is that not the key point? Without agreements such as this one, we will not have a level playing field, but will go backwards to having more barriers across the piece.

Guto Bebb:

I could not agree more. It is a shame that my hon. Friend the Member for Richmond Park (Zac Goldsmith) is no longer in his place. On the regulatory burden in relation not to the food

industry but to the automobile sector, which would undoubtedly benefit from a TTIP agreement, Jaguar Land Rover—a huge investor in our manufacturing base—has highlighted the regulations on airbags. It has to insert different panels and dashboards into its vehicles for the American market, because airbags in America have to work on the basis of people not wearing a seatbelt, while those in the European Union do so on the basis of people wearing a seatbelt. That leads to extra cost, and it is a disincentive for trade. We could certainly benefit consumers by dealing with such regulations, which seem to have no purpose whatever, except to add cost and possibly to create extra employment for health and safety experts on either side of the Atlantic.

Another scare story that I should mention is the one about these agreements bringing no advantage to consumers. Anybody who has listened to Which? would be hard pressed to conclude that no consumer would benefit from such a trade agreement. When people argue that consumers will not benefit from free trade, there is something important to bear in mind: I find it very odd that the very people who make that argument do so by sending me e-mails from iPads manufactured in China or from Samsung telephones manufactured in Korea. They are quite willing to use the advantages of free trade to communicate their concerns about free trade, which puts them in a very odd position.

Another key issue about which I am seriously concerned is how the national health service is again being used as a political football in this debate. I want to state on the record that nobody can outflank me in supporting the concept of a health service free at the point of use for those in need. Somebody whose family has needed the support of the health service, as mine has, would never not support the concept of a free health service. However, the mere concept that American companies accessing the health sector in the United Kingdom is somehow different from European ones doing so is very odd.

I simply do not get another of the arguments in relation to people being so concerned about the involvement of private companies in our health service. Ever since the instigation of the NHS in 1948, the most respected part of the health service has been the traditional GP surgery. That is a robust private sector initiative within the health service. The issue is not about whether doctors make a profit because of their work, but about whether they offer patients a good service. I would be very comfortable with American companies delivering medical services, provided that those services are of a very high standard, are in tune with United Kingdom regulations and, more importantly, are delivering good patient care. Surely that is the issue. It is a pedantic view that any private involvement is simply wrong. We need to challenge that view. We need to be honest about the way in which the private sector adds value to the health service. We should reject the use of the health service to attack the TTIP.

Katy Clark:

Will the hon. Gentleman give way?

Guto Bebb:

I have to conclude my remarks, because I have only two minutes left.

We have talked about investor-state dispute settlement. The United Kingdom has been signing such agreements for an extremely long time and some 94 agreements are in place. As yet, not a single challenge has been made on the basis of public policy and not a single case has been lost by the United Kingdom. I genuinely believe that this matter is being used by those who are lobbying against a trade treaty to make people feel opposed to it.

I have some sympathy with the argument that if such scaremongering is a danger to the treaty, we should ask ourselves whether we can compromise on that issue. We must acknowledge that the US and the EU have well-established, mature legal systems. I say that not because I agree with the arguments that are being made, but because I want to ensure that as few obstacles as possible get in the way of the treaty, which I genuinely believe would make a significant difference to our economic performance.

I have talked about food. It is crucial to my constituency that we have access to other markets. Farmers in the Conwy valley believe that they could export more than £30 million-worth of Welsh lamb to the US. The deal is therefore extremely important.

The key point is that any treaty must take into account the needs not just of large corporations, but of small businesses. Economic recovery in Wales is dependent on small businesses and this treaty must work for them as well.

4.16 pm

Ian Lavery (Wansbeck) (Lab):

A number of people have said that there must be a good business case for the transatlantic trade and investment partnership. I think that we need much more than a good business case. I am concerned that there are huge inherent dangers in the TTIP for many working people and for public services in the UK. My major concern is that the trade agreement has the potential to dilute workers' rights.

The hon. Member for Aberconwy (Guto Bebb) said twice that people are scaremongering with regard to the TTIP. He must not mix up scaremongering with people taking a different view from him.

There are two major problems with the TTIP. The first is labour rights and the second is investor-state dispute settlement, which we have discussed a lot this afternoon. I listened

carefully to the Minister. He said, basically, that ISDS is ineffective. If it is ineffective and has not been used as much as everybody thinks it has, why is it in the agreement at all? That is a simple question. Why do we have ISDS if we do not need it?

The proposal is that the TTIP would establish in law the right of multinational corporations to sue nation states in a special court through investor-state dispute settlement if the nation's regulatory framework is deemed to be a barrier to free trade. Of course that is concerning. It should concern everyone in this House. ISDS is a one-way street by which corporations can challenge Government policies, but neither Governments nor individuals are granted comparable rights to hold corporations accountable. Opinions suggest that these clauses could thwart attempts by a future Government to bring a health service back towards public ownership—again, that issue has been discussed at great length today.

It has been said time and again that there are major concerns about the potential impact the TTIP could have on the future of the NHS, and on the way the wider public sector is organised in the UK. There should have been a clear exemption, particularly for the NHS but also for the public sector more widely, in the negotiated mandate agreed by the European Council. Given the implications of the Health and Social Care Act 2012 on the commissioning and organisation of health services in the UK, there is a clear danger that major private health care corporations will be looking for opportunities within any TTIP agreement to force further large-scale privatisation.

There is an additional danger in the proposed inclusion in any TTIP agreement of an ISDS. Both the EU and the USA have respected and strong legal systems, and there is no justification for creating a mechanism to allow corporations to bypass the usual legal process to launch expropriation litigation should a UK Government attempt to bring elements of the health service, or other parts of the public sector, back under direct public control.

Labour rights are also extremely important. As I think has been mentioned, the US has ratified only 14 of the 190 International Labour Organisation conventions—among the lowest in the world. It has ratified only two of the eight core conventions dealing with forced labour, child labour, freedom of association and discrimination. It has not ratified conventions 87 or 98, and is almost certainly in breach of both, according to the ILO freedom of association committee.

The Wall Street Journal is not a newspaper that I normally acquire in the morning, nor want to read, but on this occasion I read a report that stated:

“Congressional Republicans are only willing to agree TTIP if extending EU labour standards...to the US is ruled out in advance.”

It basically states that congressional Republicans will agree to a TTIP only if the extension of

any workers' rights is ruled out before the TTIP is agreed in its entirety. If that is the case, it will be interesting to see what the EU has to say. I would have thought we would have understood that discussions would take place without any preconditions, and if there are preconditions—if that is what the Republicans are saying—perhaps we in the UK have little to concern ourselves about.

Many of those in US unions see a labour chapter in the TTIP as potentially opening up a European-style social model and worker dialogue with employers, which in some parts of the USA I think would be seen as a huge advantage. That has been explained clearly by the Communication Workers of America and the United Steelworkers. Organisations that have been terribly supportive of a TTIP that would enhance labour rights within the framework include the American Federation of Labor and the Congress of Industrial Organizations. The American Federation of Labor has a loud, clear voice and a mandate of 11 million workers.

4.23 pm

Mark Pawsey (Rugby) (Con):

It is a great pleasure to speak in this important debate and I add my congratulations to the all-party group on EU-US trade and investment, and to the right hon. Member for Wentworth and Dearne (John Healey) and my hon. Friend the Member for Aberconwy (Guto Bebb) on securing this debate. I am pleased to contribute to this debate because, along with other Members from across the House, I had the opportunity to visit the United States in November as part of the British-American parliamentary group, with a visit focusing on the TTIP negotiations. I confess that prior to that visit, like many Members and people across the country, I had a lack of awareness about the negotiations. I was aware that something was taking place, but frankly I could not have said what TTIP stood for. On the visit I was particularly interested in the impact on small businesses, having run a small business before coming to this place. I represent a constituency in the west midlands with a resurgent motor industry, so I was also keen to see the impact on that sector.

It takes two parties to make a deal. Across the House, I think we have seen broad enthusiasm for the TTIP, and that is reflected across the UK and the EU. Generally, I think there is less enthusiasm in the US. Part of our role is to understand the anxieties and fears of people in the US and consider how we might persuade them to come to a deal. In Washington, we met politicians from both parties. We also went beyond Washington to meet officials in places such as Philadelphia and Delaware. We raised with the Governor of Delaware the possibility of public procurement being included in the TTIP and becoming available for countries outside the US. I have to confess that the Governor's principal concern was jobs. Indeed, we heard concerns about jobs across the piece from all of the organisations we spoke to.

We met the American Farm Bureau Federation and spoke about the opportunities for its

produce in the UK. It expressed concern over geographical indicators: it would not be able to call its hard cheese “parmesan” in the UK market, as it is able to in the US. It also has concerns regarding the accessibility of its largely genetically modified foods in the UK. We met the American Federation of Labor and the Congress of Industrial Organizations. Perhaps I might reassure the hon. Member for Wansbeck (Ian Lavery), who has just spoken, that labour organisations in the US see the TTIP as an opportunity to bring Europe’s higher labour standards to the US, rather than allowing for transit in the opposite direction.

Throughout our discussions we heard about the need for a fast-track authority in the US that provides an unamendable resolution. The Minister talked about whether the granting of the fast-track process would affect the timing of a deal. I think it goes further than that. In the absence of fast track, it is highly unlikely that any deal will ever be made, because without a fast-track process any vested interest that believed it was threatened by the TTIP could derail an agreement. President Obama has made it clear that he would like to see a fast-track negotiating authority, but this remains unresolved. Indeed, we were shown a letter from 22 Members of Congress addressed to the President stating that they would not agree to cede constitutional authority to the Executive through the approval of a fast-track authority.

We found a real shortage of awareness about the TTIP in the US. It is important to recognise that in November, when we were there, the US Government had just had their first shutdown as a consequence of the stand-off between the parties on the budget. That in itself had led to the postponement of talks. There was also a preoccupation with the Affordable Care Act, otherwise known as Obamacare. More than once in meetings we heard people say that Obamacare was sucking the oxygen out of all other policy discussions in the US.

My impression of how Americans see the TTIP talks is that they are bothered that they have more to lose than they have to gain. They have a massive prize that they believe they are being asked to give away: access to the biggest and most successful market in the world. They need reassurance that if they allow access to their market, there will be something in it for them. There is a feeling that in earlier trade agreements—perhaps the agreement between Canada and Mexico—US negotiators had given too much away and that that had led to “Buy American” campaigns. The concern of opponents is that the TTIP might give too much away and that that will lead to labour losses.

Guto Bebb:

On the “Buy American” strategy in America, is it not the case that the concern lies more with politicians than businesses? One business in Philadelphia said that “Buy American” often means paying more for lower quality, and that they do not have their own businesses to develop it.

Mark Pawsey:

My hon. Friend makes a fair point, but the perception of politicians was that the "Buy American" policy kept jobs in the United States and prevented them from being lost. As politicians, they wanted to ensure that employment in their states was being maximised.

The US does not always give things away and there is not a gung-ho attitude to the free market. Regular reference was made to the 1920 Merchant Marine Act, otherwise known as the Jones Act, being a great example of how America can be protectionist when it wishes to be. That is the legislation that requires all goods transported by water between US ports to be carried on US-flagged ships constructed in the US, owned by US citizens and crewed by US citizens. So the US can be protectionist and prevent other countries from gaining access to its markets. We heard more than once the quote from Benjamin Franklin:

"No nation was ever ruined by trade."

The TTIP provides massive opportunities for US goods and produce in the EU.

In the UK there is broad support, as we have heard from both Front Benches today, and why would there not be, when we are talking about 50% of world GDP and 30% of international trade? This is an opportunity for us only if our economy, our industry and our service companies are in shape to take advantage of it. That is why the broader policies of this Government to increase our competitiveness and our skills agenda are important. If those are right, we can take advantage of an additional £10 billion to the UK economy.

I am pleased that the Federation of Small Businesses here in the UK welcomes the TTIP negotiations and looks forward to a resolution. A fifth of FSB members are exporters, and the US is the second most important destination for small businesses that export. It is believed that the TTIP could add 400,000 UK jobs. The FSB has set out a wish-list for the TTIP, including a pledge to promote entrepreneurship and a pledge of smart regulation on both sides of the Atlantic.

This has been a very important debate. There are big opportunities for both the EU and the US in growth and jobs. There needs to be a timetable. One of the concerns that I was left with as I came away is that there are rather more serious consequences of not doing a deal than there would ever be of doing a deal.

4.32 pm

Mr William Bain (Glasgow North East) (Lab):

I begin by congratulating my right hon. Friend the Member for Wentworth and Dearne (John Healey) and others and the Backbench Business Committee on scheduling this important

debate.

If we want to achieve the permanent rebalancing of the economy more towards manufacturing and export-led growth, expanding markets for our goods and services and removing barriers to trade are essential. According to the OBR, two thirds of all UK growth between mid-2010 and 2015 was expected to stem from rising exports and business investment, but the most recent estimates indicate that less than a fifth of the growth over that period will come from those sources, and there are 300,000 fewer people working in our manufacturing industries, compared with 2008. This is adding to the United Kingdom's growing problem with productivity. The proposed transatlantic trade and investment partnership that this House is considering today is vital to realising the vision of a higher wage and more highly skilled economy. As we know, this is an agreement that will expand global trade, not take trade away from other parts of the world.

We know that exports are likely to rise by 6% in the EU and by 8% in the United States, but we must recognise that this agreement has to benefit all in our societies, not just those at the very top. Reducing tariffs, securing regulatory convergence and aligning technical trading standards could make a family of four in the EU up to €545 a year better off. It could boost GDP in this country by up to £10 billion a year, according to the Government's own impact assessment, and create up to 400,000 jobs.

As Which? found when preparing a briefing for Members before this debate, average import tariffs are 4%, but clothing imported from the US is subject to a tariff three times higher. Reducing roaming charges for communications and data services across the Atlantic and improving the co-ordination of food traceability would be tangible benefits for consumers from this agreement, but there will be areas where retaining separate regulatory systems, such as in financial services, will be absolutely vital without prejudicing the overall aims of the negotiations.

The right hon. and learned Member for Rushcliffe (Mr Clarke) used his formidable powers of advocacy to try to persuade the House that there was nothing in the proposed investor-state dispute mechanism about which Members ought to be concerned. I fear that, on this occasion at least, he was not entirely successful. He was right to point to the 91 agreements of a similar nature in bilateral investment agreements that we have signed with other countries, but perhaps he missed an important point. This agreement would bind 28 member states, which at the moment may have different standards in all these areas. We should do nothing in these negotiations to undermine the crucial role that the European Court of Justice plays in ensuring equal standards across the European Union.

We know that article 226 of the EU treaty permits member states that have breached treaty requirements to be brought before the ECJ for infraction proceedings, which bind all member states. The problem with the arbitration anticipated in some drafts of the negotiations is that

it would not bind all member states: it would simply bind the parties to that individual dispute. We should emphasise that, in these discussions, the ECJ should be the final arbiter—the binding and conclusive arbiter—of whether member states have breached their commitments. We should do nothing to upset its position.

Removing barriers for EU exporters should not mean removing hard-won protections in the workplace. There should be a levelling up of standards, not a race to the bottom. We know that US workplace fatalities are three times as high as those in the EU. Simply by having a system of mutual recognition without recognising the protections we have at EU level could lead to concerns among workers. Neither should there be an expansion of competition into the national health service or other public services as a result of TTIP.

The maximum benefits of this deal to British business and consumers flow from the strength that the European Union possesses in negotiating on behalf of all member states. Bilateral agreements between the US and each of the 28 member states, or with clusters of member states, would not be achievable, would not have the same worth and would not provide the same potential boost to living standards or to trade. Those who envisage the United Kingdom's destiny as outside the European Union must address this point: why remove ourselves from the clear advantages to consumers and manufacturing exporters of this potential deal, or believe we could achieve as good a deal bilaterally with the United States, when the US Administration have said that they are interested in securing only an EU-wide deal?

It took more than 30 rounds of negotiation to secure the trans-pacific partnership, so I hope that the fourth round of TTIP negotiations, due to begin next month, can, given the important politics behind this issue, proceed at a more accelerated pace. We know that there will be elections for the European Parliament this May, the installation of a new European Commission later this year and the US presidential election in 2016. I welcome the fact that the chief negotiators gave a press conference last year on the progress of the talks, but stronger mechanisms must be developed to ensure that national parliaments—which, after all, have to ratify any agreement—are more properly consulted and have an opportunity to comment on or shape the context of the discussions.

In conclusion, let us hope that an eventually concluded deal can lead the way to further such agreements across the world. We have to bring down barriers to trade if we are to rebalance the global economy. Our exporters expect no less, consumers expect no less and future generations of manufacturing and service workers will expect no less either.

4.39 pm

Ian Paisley (North Antrim) (DUP):

Let me say at the outset that I am pro-trade. I want our export industry to increase, and I

want everything possible to be done to ensure that that can happen—and happen successfully. I think that we should approach the TTIP with confidence, but I agree with the Minister that we should also be alert to the needs of our community and our businesses, and ensure that they are given as much protection as possible in the negotiations.

I congratulate the hon. Member for Paisley and Renfrewshire North (Jim Sheridan) not only on the fact that he represents the finest-named constituency in the House, but on his agility in rightly focusing Members' minds on the dynamics of the Scottish debate and how important it is to us. The Minister responded to the hon. Gentleman's comments robustly, but I think that the issue should be a priority for us as well, and that we should remind our neighbours and friends of its importance to them.

I want to focus on farming, food production and consumer rights, because they affect my constituents dramatically. As I said to the Minister in an intervention, a good deal will be marked by how we ensure that the rights and needs of our farmers—our primary producers of food, and of excellent food—are protected, aided and abetted in the negotiations. There is no doubt that we produce the best traceable food in the world. It is a £20 billion-plus industry and an essential trade, and in my part of the United Kingdom it is the most essential trade. It is a mainstay of business and employment. It is the one sector in which our productivity is increasing annually. I believe that last year our food production increased by an average of about 12%. That is a Chinese-style proportion of growth. We need to keep a careful eye on it, and ensure that it continues.

The fact that we produce the best food in the world makes that food not just worth protecting, but worth exporting. It is clear that people want to buy our food and drink products. In my constituency, for example, the Bushmills distillery produces what I am told is the finest whiskey in the world. The Minister will have sampled it many, many times. That distillery employs 102 people in my constituency, but 90% of what it produces is exported, and the vast majority goes to the United States of America. Last year, its trade increased by 14%. Such growth must be encouraged, and must be seen as a major opportunity in the TTIP negotiations.

Jim Shannon:

Not teetotal!

Ian Paisley:

No, not teetotal, but TTIP.

I urge the Minister to think of the 85,000 people in our community who are involved in agri-food production, and to ensure that they and their rights are put at the top of the agenda, because that affects consumer confidence. We can say to our consumers, with

strength and authority, that we know what they are consuming because it is traceable. That is one of the advantages that we have as an island nation, and we must use it to our advantage, because it makes our food a very desirable commodity. We need to ensure that food that is imported to the United Kingdom meets the same exacting standards as the food that we produce here. One way in which we can do that is to ensure that labelling is accurate, so that when we, as consumers, go to the supermarket, the local butcher or another local shop, we can see for ourselves what has been imported and where it has come from.

I think that farmers in the United States have a significant cost-of-production advantage over many farmers in the European Community. US farmers bear a lighter regulatory burden; they have a different approach to animal welfare, and they have a very different approach to animal traceability in their food production. They use hormones, and their environmental legislation is very different from ours. We must take cognisance of that in any trade negotiation. Trade must mean ensuring that imports are produced to equivalent standards, and that product labelling clearly distinguishes between different production methods in a way that is meaningful and not misleading. The Minister spoke about red lines. We do not have to reveal all the red lines; this should be a priority, and we should be aware of that.

The US is very competitive in beef production. Our prices are at crisis levels. Given the significant cost and production advantages in the US through the use of hormone growth promoters, if any changes are made to the EU hormone rules and tariffs are eliminated, it is likely that the US would be in a position significantly to increase the volume of beef exported to the UK. That could damage our significant industry. We need to be alert to that and to ensure that we get the best deal for our primary producers.

The poultry sector should be treated as a sensitive sector. Why do I say that? Since 1997, American poultry has not been allowed to be imported into the European Community because of pathogen reduction treatments. Those treatments mean that we do not believe that consumers should eat American poultry. If changes to the PRT rules result in an increase in poultry imports to the EC from the US, we need to take a careful line on that and ensure that we put our poultry industry, which is one of the biggest in the world and is associated directly with Brazil, first in the negotiations.

Those are key issues that will determine business direction in our country. I hope that the Minister will, as he has said, be alert to those issues.

4.46 pm

Jeremy Corbyn (Islington North) (Lab):

Thank you for calling me, Madam Deputy Speaker. I apologise to the House for not being able to be here for the first part of the debate. I will end my remarks in time for my right hon.

Friend the Member for Wentworth and Dearne (John Healey) to conclude the debate.

We should be extremely cautious about the whole process that has been put before us. If anyone has looked at the experience of the free trade agreement between the US, Canada and Mexico, they will quickly see who benefits and even more quickly who loses as a result of it. The people who lose out are those who are on the margins of society, those who are vulnerable and those who are open to great exploitation. Thus, farm workers in Mexico have lost their jobs in favour of high-tech farming imports from the US and US companies have moved across the border to Mexico to exploit lower wages. Mexican trucks are not allowed to drive into the US beyond a short distance from the border. There are a lot of restrictions. It is not an equal power relationship. It is a very damaging power relationship. The agreement is unpopular in the US and Canada, but it is also unpopular with many people in Mexico, who see themselves as losing out as a result of that.

I give that as an example. We should be extremely cautious about the claims that are made. When the North American Free Trade Agreement was reached, it was claimed that there would be several million new jobs as a result. The result has actually been the loss of about 1 million jobs. The same exaggerated but unsubstantiated claims about jobs and the profits that will be made by particular companies are being made about the transatlantic agreement.

There are specific concerns. Why is there such secrecy surrounding the negotiations? Why are not all the documents on the table? Why are the demands made on European public services by the American negotiators not made public? Why are not the demands made in the other direction also made public? I suspect that, if the agreement ever comes to fruition, every Parliament in Europe and the US system will be presented with a fait accompli: they will be told that they have to accept it.

There are huge concerns. Many of my colleagues have raised concerns about the NHS. We all, I hope, support the principle of a health service free at the point of use. What we do not support is the destruction of our health service in favour of a series of companies coming in to take over very efficient services delivered by public sector workers.

Debbie Abrahams:

Is my hon. Friend not concerned that the Government still refuse to say that the NHS will be exempt from the TTIP negotiations?

Jeremy Corbyn:

Absolutely. It seems strange that we cannot say that we are going to exempt the NHS from discussions. I am sure plenty of pressure will be put on to exempt cultural industries, particularly from France, which will probably be accepted. The same thing should apply to the

NHS.

There are a couple of other issues that I want to mention. The first relates to our ability to decide the future of our own public services. At the moment, Britain's railway system is a combination of a state-owned rail company and privatised services. The European directive on railways envisages a totally privatised system across the whole of this continent. I suspect that, under the kind of agreement we are discussing today, privatisation would be foisted on everyone on both sides of the Atlantic.

Secondly, concerns have been raised about working conditions, health and safety at work conditions and environmental protection. I am sure that all those companies that are busy lining up to destroy union organisation in the USA would want to do exactly the same on this side of the Atlantic. Various Members have mentioned environmental protection and environmental conditions. In the US, there are far fewer environmental protection measures—there is much more genetically modified food on sale and in regular supply, for example. Are we to destroy many of the hard-fought and hard-gained social advantages across Europe in relation to farming systems, to animal protection and welfare and to health and safety, in favour of a free-for-all for those big companies? We need to be very careful. Democracy is the issue, and democracy ought to be the means by which we decide these issues, rather than secret negotiations resulting in a fait accompli being presented to us.

4.51 pm

John Healey:

We have had a good debate, with very good speeches from both sides. Notwithstanding the contribution from my hon. Friend the Member for Islington North (Jeremy Corbyn), the debate has provided confirmation of the strong cross-party support for an ambitious deal, as well as confirmation of the concerns that will need to be dealt with if we are not to risk derailing that support. The House will have been glad to hear the Minister without Portfolio, the right hon. and learned Member for Rushcliffe (Mr Clarke), say that such cross-party support helps to strengthen our influence and the leading role that Britain can play in the negotiations. I hope that he will also see this debate as a demonstration of the House's desire to hear more about what the Government are doing to increase public debate and understanding, to involve legitimate interest groups in the discussions and to use our leading influence in the negotiations to secure a successful deal. I am sure that the whole House will look forward to a further debate on this issue, perhaps even in Government time.

Question put and agreed to.

Resolved,

That this House has considered the Transatlantic Trade and Investment Partnership.