



IOGT International submission

Consultation on the draft final report on the TTIP Sustainability Impact Assessment (SIA)

IOGT International welcomes the publication of the draft final report and is grateful for the opportunity to contribute with suggestions and evidence to improve the final sustainability impact assessment.

IOGT International is the premier global network of civil society organizations working to prevent and reduce alcohol-related harm through evidence-based policy measures and community-based interventions. IOGT International was founded in 1851 and has today 133 Member Organizations in 56 countries; based in Stockholm, Sweden we represent 60 civil society organizations from 26 European countries, out of which 14 are EU Member States. IOGT International has special consultative status with the United Nation's Economic and Social Committee (ECOSOC).

As global social movement, we have been active in advocacy around trade-related issues across the world, including TPPA, Thailand-EU FTA, CETA and TTIP negotiations – in order to support and represent our Member Organizations with the objective to protect national governments' right to regulate the alcohol industry and prevent alcohol-related harm; to promote citizen engagement in trade-related issues; and to enhance public health and sustainable development by mitigating the detrimental effects of trade, including TTIP, on public health, economic productivity and societal development.

In part one of our submission commenting on the final draft SIA, we contribute with a detail commentary on specific pages and parts of the SIA, that fall short of the evidence.

In the other parts, we re-submit concerns from our previous contribution since it has become evident that they have not been taken into account adequately.

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1) Overview of IOGT International solutions for current SIA weaknesses

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Public Health Sustainability of TTIP

General note:

The Sustainability Impact Assessment (SIA) must clearly outline that no full quantitative impact assessment was conducted on the societal and economic public health impacts of TTIP. Only with regard to the magnitude of the burden of current alcohol harm in the EU, having two small scales, qualitative health related case studies couldn't be considered a proper public health impact assessment.

This failure permeates the entire SIA and contributes to its substantive shortcomings.

1a) SIA draft, page 20, Executive summary, case study 2

We have to raise serious concerns about the claim that proposed TTIP provision “sufficiently safeguard” states' right to regulate in the public interest.

This is not an evidence-based assessment. Two small-scale health-related case studies are simply insufficient in an attempt to analyze whether TTIP provisions are adequate in protecting governments' right to protect their citizens' health through statutory regulation.

The international alcohol industry has just taken the Scottish government to court, again, over Minimum Unit Pricing legislation. Years of delay meant that human lives were lost in Scotland, despite the government's best efforts to protect and save them.

Yet, the SIA fails to take this into account.

The SIA also fails to address the EU's – not just the Member State's obligation to protect and promote the Human Right to health.

One fundamental criticism has to be:

The burden of alcohol harm on the growth domestic product outweighs the projected positive contribution of TTIP to the GDP – a fact that should clearly highlight the need for TTIP not to remain neutral on alcohol but to acknowledge the strong link between

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alcohol use and Non-communicable diseases (Cancer, heart disease, mental ill health), infectious diseases (HIV/ AIDS, tuberculosis) as well as harms to others than the alcohol users themselves, such as gender-based violence, road traffic accidents etc.

1b) SIA draft, page 129, 4.3.1. case study 1

We strongly contest the claim that increases in trade would have “economically speaking” positive impact on total welfare in both countries. As far as we can see, SIA does not present evidence for this claim.

As a matter fact, trade in alcohol and tobacco increases levels of harm from these products, as prices are reduced and consumption goes up.

The evidence is this:

A European Commission commissioned CEPR study predicts that an ambitious TTIP deal would increase the size of the EU economy around €120 billion (or 0.5% of GDP). Ambitious means that much/ all of the existing NTBs on alcohol and tobacco would have to be removed. Prices would thus decrease by approximately 14% according to the SIA's own assessment on page 129.

However, the positive impact of “an ambitious TTIP deal” that would have to include dramatic lowering of alcohol regulations (NTBs) is dwarfed by current levels of alcohol harm and associated costs.

Alcohol-related costs in the EU have been calculated at 1-1,3% of GDP from health, crime and loss of productivity and growth, with a further 2% in the tangible losses as a result of loss of life and harm to families.¹

We also strongly object to ill-advised and revealing language in the SIA calling tariffs and NTBs obstacles to trade. In a SIA these measures should rather be called

¹ Nick Sheron, Alcohol and liver disease in Europe – Simple measures have the potential to prevent tens of thousands of premature deaths, *Journal of Hepatology*, 2016. Vol. 64 957-967

“sustainability promotion measures” because these measures keep alcohol harm lower than they would be without these measures.

The SIA needs to take the perspective of health and development as Human Rights. The starting point in a sustainability assessment cannot be the question what are obstacles to trade, but the starting point must be: to which extent does trade liberalization not undermine higher goals. Trade is not a goal in itself.

1c) SIA draft, page 130, Impact of selected consumption products on health

Evidence shows that it is not simply excessive consumption that causes alcohol harm. The SIA should refrain from downplaying what harmful use of alcohol is.

For example, the IARC has established already in the 1980s that alcohol is a class one carcinogen. The European Cancer Code clearly states that no safe amount of alcohol use is safe.

For a sustainability assessment this is crucial to take into account. Suffering occurs at different levels and patterns of alcohol use.

Concerning the United Nations' Agenda2030 and the 17 Sustainable Development Goals, analysis has shown that alcohol harm creates obstacles to achieving 12 out of 17 of these goals. Alcohol therefore is a massive obstacle to development and sustainability. So far, the SIA keeps ignoring this and fails to adequately and substantially address these facts.²

There is, additionally, a grave mistake in the SIA with regard to the SDGs and alcohol. While it says in brackets “reduction of smoking”, SIA writes about “promotion of harmful use of alcohol”. That surely must be corrected to “prevention” of harmful use of alcohol.

² Alcohol and the Sustainable Development Goals. Major obstacle to development, IOGT International, 2016
<http://iogt.org/wp-content/uploads/2016/07/Alcohol-and-SDGs.pdf>



Last but not least, we strongly oppose to only associate civil society with the evidence of alcohol as obstacle to development and the SDGs. This is scientific evidence and the research community has addressed the topic, too.³

1d) SIA draft, page 133, Expected impact of TTIP on public health with respect to selected consumption products

We also object to the wording under the headline “Expected impact of TTIP on public health with respect to selected consumption products” on page 133.

“The effect of price changes on alcohol consumption has been more extensively investigated than any other potential alcohol control measure,” write Babor et.al. in “Alcohol no ordinary commodity”.⁴

We are critical of the fact that the SIA omits in this section the mention of NTBs. This failure seems to ignore the actual content and consequences of the Wine and Spirits provisions in TTIP, including the Annex on distilled spirits/ spirit drinks.

“Alcohol no ordinary commodity” examines a case study of Switzerland:

“[D]ecreased import duties on spirits in Switzerland resulted in a reduction in the price of imported spirits of between 30% and 50%...”

“Heeb et al. (2003) found that spirits consumption had increased by around 30% three months after the price changes, and a later follow-up by Kuo et al. (2003a) found a 40% increase⁵.”

Evidence shows that elasticity is related to market share, meaning that when beer is the dominant alcoholic beverage in a given market, it will be relatively price inelastic, while the other beverages are treated more like luxuries, thus being more price elastic.⁶

³ Collin, Casswell: Alcohol and the sustainable development goals, in: The Lancet, 2016
[http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(16\)30827-3/abstract](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)30827-3/abstract)

⁴ Babor et.al., Controlling affordability: pricing and taxation, in: Alcohol no ordinary 2nd edition, 2010, pp. 109.

⁵ Ibid., p. 115

⁶ Compare ibid., p. 113



We would like to see these types of assessments and this type of data being used in the SIA in order to avoid statements like “the expected impact of such a price decrease is difficult to predict.”

As we have shown, it stands to expect that TTIP will remove NTBs, that spirits prices will decrease and thus consumption will increase and with it alcohol-related harm.

In general, this entire part of the SIA suffers from lumping together tobacco and alcohol. It blurs the sustainability assessment unnecessarily.

In addition, we are highly critical of the “new” version of investor protection, too.

Reduction of tariffs and the impact on NCDs

- a. The SIA must be strengthened by making greater reference to the negative impact of the alcohol industry, alcohol consumption levels and alcohol-related harm on health outcomes in narrative form.
- b. The SIA must more clearly highlight the societal and economic impacts of NCDs and their four risk factors, in order to more accurately reflect the scale of the challenge, as well as the importance of ensuring that total consumption of ‘unhealthy commodities’ falls rather than rises due to TTIP.
- c. The SIA must clearly state that reduction in tariffs will (absent any other changes) lead to a reduction in prices, which in turn will increase demand for and consumption of ‘unhealthy commodities’ leading to adverse health and economic outcomes.
- d. The SIA must state the relative impact on health outcomes for the poorest populations and young people (increasing health inequalities) more clearly.
- e. The SIA must note that right of governments to regulate within their territories to achieve legitimate policy objectives including protecting public health, free from fear of litigation, must be included as a broad horizontal reservation in the final text of the TTIP agreement.

In order to mitigate the negative health consequences of TTIP resulting from tariff reductions, the SIA must state that the final text of TTIP should commit the EU do

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adjusting the EU alcohol minimum tax rate to inflation levels, regularly. And the final text should commit Member States to maintaining at least the same price levels for alcohol products.

1e) SIA draft, page 157, 4.5.5. Step 2: Human Rights potentially affected by TTIP

The SIA completely fails to address and analyze TTIP's impact on the rights of the child, as enshrined in the UN Convention on the Rights of the Child (CRC), especially CRC Art.3 about the Best Interest Principle.

We are objecting to the fact that the SIA still has not assessed how TTIP would impact the well being of children. There are, for example, at least 9 million children of parents with alcohol use disorder in the EU.

For TTIP to be in line with the EU's and Member States' obligation to the Convention on the Rights of the Child, there must be an assessment whether the current provisions pertaining to alcohol are actually in the child's best interest (CRC Art. 3).

1f) SIA draft, page 159, regulatory co-operation

We object to the praise the SIA provides for the most recent Sustainable Development chapter in TTIP. The reason is simple: the chapter completely fails to even address the potential negative consequences of TTIP to sustainable human development. Under Art.2 it only mentions the aim to "strengthen the positive contribution" of TTIP to sustainable development.

Art. 3 does not address health, even though health is a central part of the entire Agenda2030 architecture.

Art. 17 also fails to mention health.

There should be a section IV on trade and sustainable development – public health aspects, but there is none, which the SIA should make a point of criticism. This might be the EU's most ambitious proposal yet, but it is not all a sufficient or substantive proposal.



Moreover, we strongly object to the wording “in the unlikely case that states would voluntarily choose not retain their rights to regulate” on page 159 because it is not evidence-based and not referenced in case there was evidence that governments were in fact unlikely to surrender their right to regulate.

Therefore, we urge for a much more detailed exploration and explanation of the remaining sentence: “TTIP would risk to limit government capacities to promote human rights and to meet their international human rights obligations, and TTIP would negatively affect the *human right to health* (in this example).”

This sentence actually addresses major concerns about TTIP but the SIA fails to analyze the different aspects of it. Therefore, we consider the sustainability assessment still incomplete.

1g) SIA draft, page 461, 15.2.2. Main social impact through the trade and regulatory channels

It is not just “excessive consumption” that can lead to “adverse human health effects”. And it is not just “adverse human health effects” that alcohol is causing – which we regard as a major point of analysis for this TTIP SIA.

Alcohol is an obstacle to sustainable human development and has a negative impact on 12 out of 17 SDGs, including sustainable consumption, gender equality, poverty and hunger eradication, sustainable and inclusive economic growth, reducing inequalities, safe cities, and more.

The SIA unfortunately fails to assess what TTIP’s provisions, chapters and annexes would mean for all these goals of sustainable development. In our own assessment, we hold that the current TTIP would not only create bigger obstacles to sustainable development, but would undermine its biggest goal: economic growth and prosperity.

We have also already outlined our criticism of the vagueness of the SIA with regard to alcohol price elasticity and inelasticity and the consequences for consumption levels and associated harm.

This final draft of the SIA strikes us as still rather superficial with regard to alcohol-related harm.

2) Alcohol harm in the European Union

Europe is the region in the world with the highest alcohol consumption. Most of the multinational corporations that make up Big Alcohol have their headquarters in Europe.

Alcohol harm is widespread and a heavy burden in Europe:

- Alcohol is the 3rd **leading** risk factor in Europe for ill health and Noncommunicable diseases (NCDs) such as cancer, diabetes or heart disease.
- 12 million people in the EU are **alcohol dependent**.
- Around **9 million** children in the EU are living with one parent addicted to alcohol.
- 1 of 4 road **fatalities** in EU is alcohol related. In 2010 nearly 31,000 Europeans were killed on the roads of which 25% of deaths were related to alcohol.
- The cost attributable to alcohol harm amounts to €155,8 billion per year.
- Alcohol is the leading risk factor for ill health and premature death for the core of the **working age population** (25 to 59 years of age).
- Alcohol is responsible for 1 in 7 male **deaths** and 1 in 13 female deaths in the age group of 15 to 64 years, resulting in approximately 120 000 premature deaths.

The magnitude of the alcohol-related harm can be illustrated in TTIP-terms. The SIA estimates that in the “ambitious scenario” the EU’s GDP would be 0.5% higher compared to the current GDP of approximately €14 trillion.

Alcohol harm costs the EU €156 billion – which amounts to a bit more than 1% of the current GDP.

That means: the negative impact of alcohol harm on the GDP is bigger than the most ambitious scenario for GDP level.

IOGT International proposes:

The SIA needs to better analyze and take into account the very real implications of alcohol harm for public health, societal sustainable development and economic



productivity.

3) Public Health sustainability of TTIP

The new United Nations sustainable development agenda comprises 17 goals, the so-called Sustainable Development Goals (SDGs). [SDG3](#) is about: “Ensure healthy lives and promote well-being for all at all ages.”

Target 3.3 addresses the importance of ending the epidemics of HIV/ AIDS and tuberculosis. Target 3.4 addresses the importance of reducing by one third the premature mortality from Non-communicable diseases (NCDs). For both infectious diseases and NCDs, alcohol is a major risk factor.

In fact, alcohol harm places an obstacle to the achievement of [12 out of the 17 SDGs](#). Target 3.5 addresses alcohol and stipulates: “Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.”

The SIA has so far completely failed in analyzing and assessing the impact of TTIP on the EU’s and Member State’s commitment to strengthening the prevention of harmful use of alcohol.

Health has been identified as one of the core social elements of sustainability in the 2nd edition of the Handbook for trade sustainability impact assessment ⁷

TTIP and other trade negotiations are taking place in a context of the high and growing burden of NCDs and their four risk factors, including alcohol. There is evidence that shows that the [alcohol industry uses trade](#) in general and TTIP in particular to remove public health regulations. Therefore, the burden of NCDs in general as well as alcohol – as a major obstacle to sustainable development – should be assessed both qualitatively and quantitatively.

IOGT International proposes:

The SIA must state that no full quantitative impact assessment was conducted on the societal and economic public health impacts of TTIP. Having two small scales,

⁷ Published on 27 April 2016 http://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF

qualitative health related case studies couldn't be considered as a proper public health impact assessment.

4) Human Rights Impact of TTIP

The SIA omits a number of important Human Rights perspectives. It completely fails to address and analyze TTIP's impact on the rights of the child, as enshrined in the UN Convention on the Rights of the Child (CRC), especially CRC Art.3 about the Best Interest Principle. It also fails to address the rights of people in third countries that will be affected by TTIP.

The right to health, not just for EU citizens

A recent report for the World Bank indicated that the price of accession for countries of the global south to trade partnerships is rising and represents possible one-sided power plays as current WTO members 'wring commercial advantage out of weaker economic partners'. These concessions often involve tobacco or alcohol.

- Taiwan adopted a new tobacco and alcohol management and tax system as a condition for accession.
- Algeria lifted a ban on alcohol imports to help negotiations for WTO membership.
- Thailand sees itself [pressured to include alcohol and tobacco](#) into its free-trade agreement negotiations with the EU, even though it wants to protect health and sustainable development gains made through regulating alcohol and tobacco.

A fundamental weakness in the assessment of TTIP's effects on third countries is that SIA only takes an economic perspective, omitting sustainable development and public health perspectives.

It appears to be the case that the SIA is at odds with Art. 21(1) of the TEU and Art. 207(1) of the TFEU that stipulates human rights as one of the principles that guide external activities of the Union. Such an approach is also at odds with the Agenda2030 and the scientific evidence showing that sustainable development perspectives need to be mainstreamed and given primary consideration in policy areas such as trade.



IOGT International proposes:

The SIA must account for how TTIP might impact other policy goals of the European Union, for instance in overseas development assistance, promoting sustainable development and securing the right to health for people in third countries, such as Thailand.

The SIA must also pay greater attention to public health, developmental, environmental and social effects of TTIP, as compared to the economic effects.

Corporate 'rights' over Human Rights

In the past 30 years investment agreements through which corporations can hold social and environmental policy to ransom in even the strongest states have proliferated. Chief among these are the bilateral investment treaties (BITs) that enshrine the rights of transnational corporations in foreign markets.

BITs have established a host of new rights for transnational corporations, such as the right to enter new markets and repatriate profits at will. Most of all, BITs grant foreign companies the right to bypass domestic courts and sue host states before international arbitration tribunals over public policy decisions that might 'unfairly' affect their bottom line.

IOGT International proposes:

The European Commission should live up to the EU2020 strategy and the Lisbon Treaty and follow the health in all policies approach. In sum, in areas where there are conflicts, the human right to health needs to be promoted and protected, even at the cost of the commercial rights of access to markets.

Primary consideration to the best interest of children

Child rights appear to be missing from the SIA. In the section 4.5.1 SIA completely omits the CRC and the Best Interest Principle enshrined in CRC art.3. This is another fundamental weakness of the SIA.

[Article 3](#) of the Treaty of the European Union states in its third paragraph: "...The Union shall combat social exclusion and discrimination, and shall promote social justice and

protection, equality between women and men, solidarity between generations and protection of the rights of the child....”

The European Commission is [guided by the principles](#) set out in the UN Convention on the Rights of the Child, ratified by all EU countries. Children make up one third of the world's population and one fifth of the population of the EU. There are 9 million children in the EU, living in homes with parents who suffer from alcohol problems.

As other facts of alcohol-related harm in the EU show above, children bear a disproportionate burden of the negative effects of the harmful use of alcohol in Europe. As TTIP is set to increase consumption levels further – as the SIA describes in section "17. Case study 2" – a comprehensive analysis of how this will affect the rights of children is essential.

CRC Art. 3.1 stipulates: " In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration."

IOGT International proposes:

The Convention on the Rights of the Child (CRC) Best Interest Principle should be implemented. Systematic consideration should be given to the child rights perspective and the question how TTIP stipulations will impact children.

5) Reduction of tariffs and the impact on NCDs

The SIA seems to hold two mutually exclusive positions at the same time. On the one hand it admits that consumption and associated harm from “unhealthy commodities” such as alcoholic beverages could increase due to competitive price reduction as a consequence of tariff liberalization. On the other hand it claims that “the states’ right to regulate in the public interest sufficiently safeguard EU Member States’ freedom to address this negative tariff effect on human health if they wish to do so in order to meet their human rights obligations.”

However, table 0.3 shows how low the tariffs for alcohol already are, which means that for further liberalization, NTBs need to be lowered. Lowering NTBs is all about weakening governments’ abilities to regulate commodities such as alcohol.

Following the assessment of the SIA in terms of quantifying TTIP's impacts, 100% of the tariffs and 25% of the NTBs would have to be eliminated for the ambitious scenario to



unfold. For alcohol regulations in the EU, that would mean a substantive weakening. The SIA fails completely in addressing this issue comprehensively.

Questions the SIA needs to answer to provide an evidence-based and comprehensive assessment of trade sustainability are:

What would this type of tariff and NTB reduction mean for overall consumption of alcohol in the EU (which is already the highest in the world)? What would it mean for children of alcoholics, women being victims of domestic violence, road traffic accidents, NCDs such as cancer, mental ill health and other diseases? What would it mean for workplace productivity and economic harm due to absenteeism and presenteeism?

IOGT International proposes

The SIA must be strengthened by making greater reference to the negative impact of the alcohol industry, alcohol consumption levels and alcohol-related harm on health outcomes in narrative form.

The SIA must more clearly highlight the societal and economic impacts of NCDs and their four risk factors, in order to more accurately reflect the scale of the challenge, as well as the importance of ensuring that total consumption of 'unhealthy commodities' falls rather than rises due to TTIP.

The SIA must clearly state that reduction in tariffs will (absent any other changes) lead to a reduction in prices, which in turn will increase demand for and consumption of 'unhealthy commodities' leading to adverse health and economic outcomes.

The SIA must state the relative impact on health outcomes for the poorest populations and young people (increasing health inequalities) more clearly.

The SIA must note that right of governments to regulate within their territories to achieve legitimate policy objectives including protecting public health, free from fear of litigation, must be included as a broad horizontal reservation in the final text of the TTIP agreement.

In order to mitigate the negative health consequences of TTIP resulting from tariff reductions, the SIA must state that the final text of TTIP should commit the EU do adjusting the EU alcohol minimum tax rate to inflation levels, regularly. And the final text

should commit Member States to maintaining at least the same price levels for alcohol products.

6) TTIP and the alcohol industry

In the areas of alcohol, nutrition and tobacco policy there are divergences in regulatory policies between the EU and the US. Alcohol is no ordinary commodity. It is a harmful product. [No amount of alcohol intake is safe](#). Alcohol is carcinogen, addictive, teratogen and toxic to the human body. However, evidence shows that the alcohol industry is aggressively pursuing its agenda for more profits within the free trade realms – on both sides of the Atlantic (as well as the Pacific rim).

Brewers of Europe: No to taxes

The Brewers of Europe have urged EU negotiators to pursue a removal of taxes on European brewers, from which their American competitors are exempt.

SpiritsEurope: No to taxes, no to labeling

The US and the EU have eliminated their tariffs on almost all liquor, except for certain rums and the generic “other” category for liquor not elsewhere specified. SpiritsEurope is lobbying for elimination of the remaining tariffs and taxes.

At the same time the US is the largest external market for European liquor. European liquor exports to the US market have grown by 22% between 2011 and 2012, and by 74% since 2000. But still, liquor producers thirst for removal of the last tariffs and taxes remaining.

SpiritsEurope lobbies against ingredient labels on products; objects to allergen labeling and pushes against mandatory date marking. This lobbying activity contradicts their own statement that “labeling [...] information are very important to protect consumers and businesses.”

For example the Distilled Spirits Council of the United States (DISCUS) claims on its website that it “strongly supports the U.S. government’s efforts to negotiate comprehensive, 21st-century free trade agreements through the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). DISCUS is



working closely with the U.S. spirits industry, U.S. negotiators, and overseas partners to ensure that these agreements achieve significant new market access for U.S. spirits exporters.”

IOGT International proposes:

The SIA needs to do a better job of addressing and reflecting scientific evidence of the health effects of alcohol.

The SIA needs to assess the attempts by the alcohol industry to use TTIP and undermine public health policy-making in the long run. The evidence is there, that this is an objective of the alcohol industry.