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INTERNATIONAL TRADE UNION CONFEDERATION

WikiLeaks Reveals True Intent of Secret TiSA Trade Talks

Brussels, 26 June 2014 (ITUC OnLine): A WikiLeaks exposé has revealed the true intent behind secret 50-country negotiations on a new “financial services” chapter of the Trade in Services Agreement (TiSA) at the WTO in Geneva. The draft agreement being discussed by government officials is aimed at weakening financial regulation and giving extra market access to hedge funds, banks, insurers and other providers.

Sharan Burrow, ITUC General Secretary, said, “Governments are negotiating away financial regulation in secret, instead of tackling the unfinished regulation task that triggered the current global economic crisis in 2007. It defies belief that they are actually planning to help the already ‘too big to fail’ banks and other financial conglomerates to expand."

“It is deeply disturbing to find out that governments are getting ready to exempt from or expedite the approval of some of the most toxic insurance products, like Credit Default Swaps, and also allow hedge funds and banks to launch ‘unlimited new products’ without proper controls.”

The leaked draft includes self-defeating provisions that would reinforce the power of big finance over democratic processes, with bizarre clauses such as:

“Notwithstanding any other provision of the Agreement”, prudential measures are allowed in order to “ensure the integrity and stability of a Party’s financial system”, but “[w]here such measures do not conform with the provisions of this Agreement, they shall not be used […]”.

In stark contrast to the interests of taxpayers, welfare for the finance industry, including through bailouts, is welcomed under the proposals. “Bailouts are meant for the clean-up stage; prudential measures are meant to prevent disasters and mitigate financial risk. The negotiating governments even ignored the stipulations of the International Monetary Fund (IMF) on the usefulness of capital control measures both to prevent and to deal with crises,” said John Evans, ITUC Chief Economist and General Secretary of the Trade Union Advisory Committee to the OECD (TUAC).

The proposed TiSA rules on financial services go hand-in-hand with “investment protection” provisions of bilateral investment treaties (BITs). Investors in financial products of other countries will effectively be granted the privilege to contest financial regulation and decisions of competent authorities through private dispute procedures.

On top of the drive to give the finance sector free reign over sovereign states, the TiSA proposals also aim to liberalise professional services, information technology, construction and social and public services, a move sharply criticised by the Public Services International (PSI). The PSI and UNI Global Union have called for the TiSA negotiations to be stopped.

At the beginning of the negotiations, the ITUC and the European Trade Union Confederation called on negotiators to reject clauses that would stop governments exercising regulatory and licensing authority to buy back privatised public services and utilities as well as removing consumer protection and limiting the scope for public policy.

“Thanks to WikiLeaks, we now know the full extent to which some governments are prepared to go to satisfy their big-business paymasters at the expense of ordinary people and of democracy itself,” said Burrow.

The TiSA negotiations include Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, European Union (28 Member States), Hong Kong, Iceland, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Republic of Korea, Switzerland, Turkey and the United States.

To read the Auckland University’s Professor Jane Kelsey’s analysis https://wikileaks.org/tisa-financial/analysis.html

To read the PSI statement: http://www.world-psi.org/en/wikileaks-confirms-tisa-alarm-raised-psi

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