

**Corporate & Scrutiny Management Policy &
Scrutiny Committee**

9 May 2016

Report of the Assistant Director Governance & ICT

**Transatlantic Trade and Investment Partnership – Motion Referred by
Council**

Summary

1. At a meeting of the full Council on 24 March 2016 Cllr D’Agorne submitted a motion under Standing Order 22 on the Transatlantic Trade and Investment Partnership (TTIP).
2. Council agreed to refer the motion to the Corporate & Scrutiny Management Policy & Scrutiny Committee for further consideration.

Background

3. To remind Members, Cllr D’Agorne’s Motion was:
4. Council notes that:
 - The European Union (EU) and the USA launched negotiations in July 2013 on a Transatlantic Trade and Investment Partnership (TTIP);
 - Negotiations continue, seeking to protect international investors, harmonise standards, reduce tariffs and open new markets throughout the EU and USA;
 - Services within TTIP includes not just private but also public services;
 - There has been no assessment of the potential impact on local authorities and their services;

- There has been no scrutiny or consultation with City of York Council or other local government representatives such as the Local Government Association (LGA) and our local MPs for York Central or York Outer are also unable to scrutinise the negotiating documents;
- Our twin municipality of Munster in Germany passed a resolution in 2014 to reject TTIP;
- Our twin municipality of Dijon in France passed a resolution in 2014 to ask for the full involvement of local authorities in free trade negotiations and public disclosure of all texts on the TTIP negotiations.

5. Council believes that:

- TTIP could have a significant impact on local services, employment, suppliers and decision-making;
- A thorough impact assessment of TTIP on local authorities must be carried out before the negotiations can be concluded;
- The proposed Investor State Dispute Settlement (ISDS) mechanism has been used by corporations to overturn democratic decisions by all levels of governments at significant public cost. Local decision-making must be protected from ISDS;
- The EU's food, environmental and labour standards are better than those in the US and TTIP negotiations must raise and not lower these standards across the EU and USA;
- Sourcing supplies and employment locally is important to strengthening local economies and meeting local needs. TTIP must not impact on local authorities' ability to act in the best interests of their communities.

6. Council resolves:

- (i) That appropriate officers report to the Executive analysing the potential impact of TTIP upon the Council and its services, with a view to:

- writing to the Secretary of State for the Environment and Local Government, the Secretary of State for Business, Innovation and Skills, the MPs for York Central and York Outer and all Yorkshire and the Humber MEPs, as well as the Local Government Association, raising the serious concerns of the City of York Council about the potential impact of TTIP on our local authority and the secrecy of the negotiating process.
- (ii) That any report to the Executive addresses the feasibility of and resource implications associated with:
- calling for a full assessment of the impact of TTIP on local authorities;
 - joining with other local authorities that are opposed to TTIP across Europe and work with local campaigners to raise awareness about the potential impact of TTIP;
 - developing local supply chains and business networks through better advertising and promotion of what local companies can provide;
 - reviewing the council's own procurement policies to promote as much as possible the take up of locally produced and fair trade food;
 - enhancing the support to York's diversity of small, independent and locally based shops;
 - developing a Local Food Strategy for York in conjunction with the health service and producer groups in our region (including the promotion of local supply chains and networks, support for producers and feasibility studies into increasing the local production of high quality healthy food in the region).

Assessment

What is Transatlantic Trade & Investment Partnership (TTIP)?

7. TTIP is a trade agreement being negotiated between the EU and the US. Negotiations were launched at the G8 summit in June 2013 and the first negotiating round took place in July 2013. The proposed agreement is

under ongoing negotiations which were planned to be finalised by the end of 2014 but are now not expected to be finished until 2019 or 2020.

8. As with all trade negotiations, the details are complex and those around TTIP have not been finalised. There is also likely to be information that is not in the public domain on the nature of TTIP.

What would its impact be?

9. In its current form, there have been a number of vocal critics of TTIP, particularly in relation to the implications on overall regulation, the impact on the regulation of bankers in particular (where the US has more regulation than the UK banking industry), environmental and food safety legislation and privacy.
10. Supporters of TTIP say that it will boost the economies of both the EU and the USA by improving the ability of businesses to open up their sales and trade with a wider market. The current Department of Business and Skills estimate that it will increase the UK economy by around £10 billion each year.
11. However, there have been existing economic studies of the impact of TTIP on the UK, such as this one by the LSE https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260380/bis-13-1284-costs-and-benefits-of-an-eu-usa-investment-protection-treaty.pdf . Given the details of TTIP are not yet currently complete and indeed studies like this will inform our negotiations, it is not possible to verify the impact of the final agreement of TTIP on either the UK let alone the City of York.

What are the implications for procurement?

12. The recommendations to develop local sourcing have to be considered in light of CYC's obligations to abide by EU procurement law and therefore we are limited in how we achieve this. CYC can encourage local supply chain and evaluate positively for local supply but cannot discriminate against non local suppliers.
13. The current procurement strategy already sets out this and will be brought back to Executive soon to update it – it contains commitments to support local SMEs and ethical procurement but this is in itself pretty loosely defined. Fair Trade food is a difficult one where if you are prescriptive it can have a major impact on cost and this will have budget implications.

14. The key to developing a sustainable local economy – a resilient “One Planet” city – is growing the circular economy to keep money flowing around the city as much as possible by procuring, spending and trading locally.
15. Similarly developing local supply chains is part of the circular economy including local B2B trading; sharing and collaboration; and a directory of like-minded (e.g. value based) businesses such as the emerging One Planet York pledging network. These have the advantage of cutting transport and carbon emissions, sustaining local jobs and building city resilience against global financial shocks. In some ways the process of embedding One Planet thinking into our core organisational processes over the coming months will go some way towards this.

What about a Local Food Strategy?

16. Developing a local food strategy is likely to be an intensive exercise with no current resources to do it.
17. However, sustainable food is one of the One Planet York’s ‘10 principles’, but would need resourcing. York is at the heart of one of the most diverse food producing regions in the UK so it is an opportunity to capitalise on this.
18. There are several good examples of city food strategies that York could emulate that would have linkages into a host of other agendas – healthy eating/lifestyles / local economies / sustainable transport / sustainable procurement / food security etc ... so a very central ‘integrating’ idea (Bristol’s food strategy was led by University of Bristol via funding they applied for with backing from Bristol Green Capital Partnership – Their ‘One Planet York’ equivalent). It’s this type of thinking One Planet York has potential to open up. It is feasible so long as there’s finance and capacity to support its development.
19. Enhancing the support of York’s diversity of small, independent and locally based shops is already on the agenda. Cllr Hayes, who is also chairman of the Bishopthorpe Road Traders’ Association, has been involved in the development of an Indy York App pointing visitors and residents to independent shopping areas in the city.
20. Other elements of the Motion are too general to indicate who would take responsibility for any actions, i.e. to call for a full assessment of the impact of TTIP on local authorities – by whom and at what cost?

Analysis

21. It appears that the motion as presented to Council takes an anti-TTIP stance, see paragraphs 6(i) and 6(ii) bullet point two. It may be the case that other Members of the Council support TTIP in light of the Department of Business and Skills estimate that it will increase the UK economy by around £10 billion each year, paragraph 10.
22. Members should be aware that, if they wish to undertake a review of the impact of TTIP on York, this could take significant officer time and, for the reasons outlined above, is unlikely to produce a robust conclusive answer.
23. Inevitably, this would mean diverting resources away from immediate local priorities (the Green Jobs Task Force, and supporting delivery of the Economic Strategy for example). It is not clear what impact any review would have on the negotiations, given the Government's support for a substantial agreement covering market access for a wide range of goods and services, and relevant supporting provisions.
24. If, however, Members decide there is still some merit in undertaking further work on this motion, the Committee would need to consider specifically which parts of the motion warranted further investigation and to consider how it would undertake this work. For example, establish a small cross party Ad Hoc Sub-Committee with representatives from relevant Scrutiny Committees or receive further reports at full Committee.

Options

25. Having considered the information provided in this report Members can:
 - (i) Agree not to proceed any further with this motion in light of the potential resource implications (see paragraph 27 below) and the assessment of impact of undertaking a review set out above in this report;
 - (ii) Agree to proceed with a specific review and remit to be identified;
or
 - (iii) Propose an alternative way forward

Council Plan

26. This report links to the focus on frontline services, a council that listens to residents and a prosperous city for all elements of the Council Plan 2015-19.

Risks & Implications

27. There are no direct risk implications associated with the recommendations in this report. However, it should be noted that the issues in the Motion are complex and will require resources to deliver and these issues need to be considered alongside other current council priorities and the need to consider the capacity of the organisation to take on another priority. There are also concerns about who will actually do the different elements of this work as various CYC teams have little or no capacity to take on additional work and there is no budget available to cover any costs.

Recommendations

28. The Committee needs to consider:
- (i) Whether having assessed the information provided in this report, there continues to be added value to undertake any further scrutiny work in relation to this motion; or
 - (ii) whether to specify further work for investigation by scrutiny and how scrutiny should undertake that work, having reference to paragraph 24 above,

Reason: To decide if members want to commission further work into TTIP.

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Report
Approved



Date

27 April 2016

Wards Affected:

All

