

**TiSA – a free trade area within the WTO – impact on healthcare,  
water, energy and municipal services**

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The Public Services International Research Unit (PSIRU) investigates the impact of privatisation and liberalisation on public services, with a specific focus on water, energy, waste management, health and social care sectors. Other research topics include the function and structure of public services, the strategies of multinational companies and influence of international finance institutions on public services. PSIRU is based in the Business Faculty, University of Greenwich, London, UK. Researchers: Prof. Steve Thomas, Jane Lethbridge (Director), Emanuele Lobina, Prof. David Hall, Sandra Van Niekerk

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### **TiSA – a free trade area within the WTO – impact on healthcare, water, energy and municipal services**

This report was commissioned by PSI to raise awareness of PSI affiliates about the implications of Trade in Services Agreement (TiSA) for healthcare, water, energy, and municipal sectors.

#### **The main research questions are:**

1. Which corporate players are involved in TISA negotiations through their networking and lobbying arrangements, highlighting companies involved in the four sectors;
2. How will government (central, regional and local) actions to change and expand public services be influenced by TISA conditions in the four sectors;
3. What are the implications of TISA for the process of re-municipalisation taking place in energy and water and potentially in health/social care?

#### **Geographical scope**

The research will focus specifically on the implications of TISA for the following countries: Australia, Canada, Chile, Colombia, Japan, Mexico, New Zealand, Norway, Pakistan, Peru, South Korea, Turkey, the United States, and the European Union,

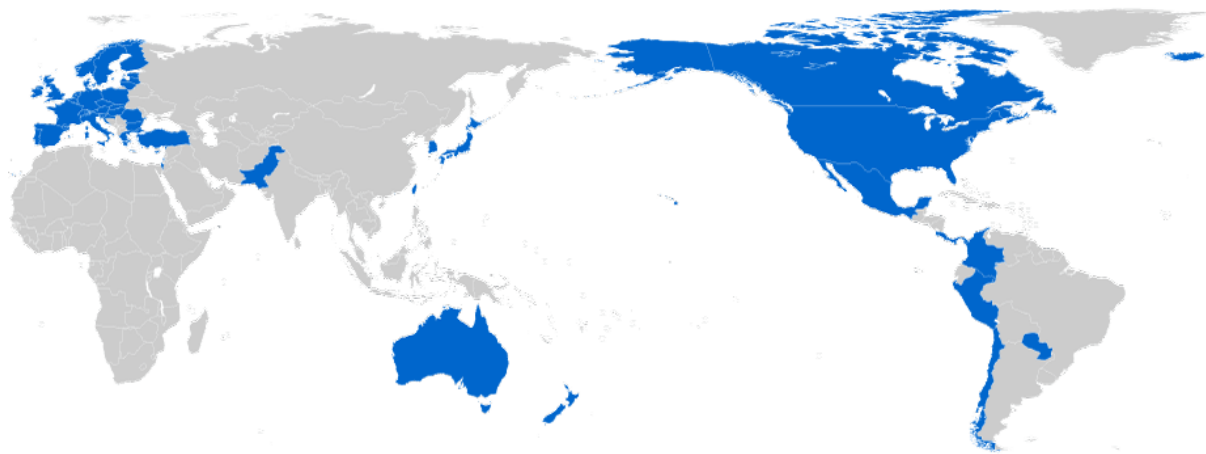
This report is in seven sections:

1. Overview
2. Lobbying
3. Health
4. Water
5. Energy
6. Municipal services
7. Conclusion

## **1. Overview**

TiSA is the outcome of talks that go back to early 2012 and a result of negotiations that began in early 2013 among 23 WTO members parties: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, European Union (representing its 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. With the EU accounting for 28 member states, TiSA will include 50 WTO members who account for some 70% of all global trade in services. More WTO members are planned to be included in the future and China<sup>1</sup> and Uruguay have voiced their interest in participating already. All current participants must agree to allow in new members; sources say some are still conducting their domestic processes in this area'.<sup>2</sup> The Agreement is an extension of the WTO General Agreement on Trade in Services (GATS) negotiations, which are part of the Doha Round negotiations, operating since 2000.

**Figure 1. TiSA negotiating parties map**



Key: TiSA negotiating parties are marked in blue.

Source: Australia's Department of Foreign Affairs and Trade.<sup>3</sup>

TiSA is not simply an international trade agreement on trade in services separate from the rest of global trade architecture. It is a comprehensive rewriting and harmonisation of trade regulations of the EU, WTO, and beyond. The European Commission (EC) explains that TiSA 'aims to liberalise trade in services among a diverse group of WTO members who are willing to push ahead with liberalisation faster than the general WTO membership'. What is clear from the EC statement that 'although the negotiations do not fall under the remit of the WTO, the EU is keen to ensure that the TiSA is carefully crafted to make it compatible with the GATS'.<sup>4</sup> The fact that the negotiations are not being held within the WTO itself<sup>5</sup> generates suspicions as to the nature of the agreement, issues of transparency and democratic decision-making. Moreover, 'The EU – like the other participants – want negotiations to go beyond the opening up markets for services: the aim is also to develop new rules on trade in services.'<sup>6</sup>

The European Commission (EC) seeks to expand the EU service market with a strong backing of EU service industry lobby and interest groups.<sup>7</sup> EU has multiple bi- and multilateral trade agreements within and outside the WTO framework but 'there is also a group of countries with which either the EU has agreements where services commitments could be deepened (e.g. Mexico and Chile) or has no Free Trade Agreement (FTA) including a services chapter (Australia, New Zealand, Pakistan, Switzerland, Paraguay, Taiwan and Turkey)'. These countries make up some '22% of EU exports and more than 20% of EU imports of commercial services,

which amount to €123 and €90 billion Euros respectively' and in case of the US, it is 32% of EU 'export and 34% of its imports of commercial services' (EC 2013).

TiSA, if adopted, 'would have the effect of bringing about, for the first time, preferential binding commitments on services between the world's three largest services markets, namely the United States, the European Union, and Japan'.<sup>8</sup> This would benefit the exports of three economies, for example, U.S. exports are expected to increase by as much as \$800 billion'.<sup>9</sup> It is unclear how citizens, government, and consumers will benefit from this growth in exports.

However, TiSA is clearly designed to discriminate against the developing world and the Newly Industrialised Economies (NIEs) simultaneously by creating even more hierarchies within the WTO architecture. So, in their TiSA press release the EC declares:

'Unlike in the Doha Development Agenda (DDA) negotiations, the possible future agreement would for the time being fall short of the participation of some of the leading emerging economies, notably Brazil, China, India and the ASEAN countries. It is not desirable that all those countries would reap the benefits of the possible future agreement without in turn having to contribute to it and to be bound by its rules. Therefore, the automatic multi-lateralisation of the agreement based on the Most Favoured Nation (MFN) principle should be temporarily pushed back as long as there is no critical mass of WTO members joining the agreement' (EC 2013: 3).

This means that the EU and their 'western' partners are not interested in competition from Brazil, China, India and the ASEAN countries on terms beneficial to the latter group's economies. Rather, the main present day exporters of services globally want to draw TiSA regulatory framework on their own terms to then structurally force all other WTO members and more to conform. It can thus be assumed that the true reason behind TiSA being negotiated outside the WTO framework is that its advocates would like to create a forum that would only include those who are willing to go beyond the agreed WTO system from the very start. Integration of TiSA into WTO system after its finalisation and adoption essentially means exclusion of the non-TiSA signatories WTO members from WTO system renegotiation process.

Not all countries negotiating TiSA are negotiating from an equal bargaining position. The main divisions within the cohort of TiSA negotiating countries should be drawn with caution and can go along a number of lines: high income countries, often the base of TNCs; economies with varying levels of regulations that cover labour, government spending, business, trade, financial, fiscal and investment services.

The general public, as consumers and, in the first instance, producers of services, in countries with already weak regulation of labour, environment, government expenditure, investment and trade, will have the highest price to pay if TiSA is in place. Liberalisation of services without governmental control will bring environmental degradation, decline in quality of services supplied and increase in prices. Furthermore, liberalisation of trade in services increases risks the reduction of competition and is likely to lead to monopolisation and thus further reduce consumer choice and the bargaining power of workers and producers of services. Countries with stronger regulation will have to reduce or eliminate it to increase competition.

There are several TiSA clauses which will affect the scope of countries to provide public services without exposing them to competition. They affect countries not just in terms of their current position but also in the future. They will limit the power of national governments to provide public services using new advances to meet the changing needs of the population.

**Table 1: TiSA – basic clauses**

<b>TiSA clauses</b>	<b>Meaning</b>
<b>Standstill</b>	A 'standstill' clause means that members agree not to create new obstacles to services trade.
<b>Ratchet</b>	Only further liberalisation accepted. A 'ratchet-in' clause, where one participating member improves services market access on its own, then the newly liberalised access would be given to other members in the agreement, and would become permanent.) <sup>10</sup>
<b>List it or lose it</b>	Countries have to remember to list any sectors(s) that they would like to have exempted from the TiSA negotiations. If they forget to list a sector, it will automatically be included in the liberalisation process, there will not be any opportunities to reverse the negotiations.
<b>National treatment obligations</b>	National treatment obligations requires countries to 'treat services and service suppliers of other parties no less favourably than the treat their own'. This does not just apply to local private companies but also to government, not for profits and cooperatives providers.
<b>Domestic regulations</b>	Regulations will not have to be discriminatory to be challenged. Regulations that limit the scope of the commercial sector to expand, for example limiting opening hours, preservation of historical sites or green spaces.
<b>Necessity test</b>	This applies to challenges to government regulations, especially over public services, on the grounds of whether they are 'necessary'.
<b>Future proofing</b>	Limit the right to regulate for future (public) services, even when these future services have not yet been invented. Governments would not be able to ban future services, e.g. new types of gambling.

Standstill and ratchet provision

The basic TiSA clauses set out in Table 1 show the extent of the potential influence of TiSA on public services and governmental actions. Two TiSA clauses will be particularly threatening. The first 'standstill provision' will bind members so that they are unable to restrict liberalisation of services. The second 'ratchet provision' requires that "any changes or amendments to a domestic services-related measure that currently does not conform to the agreement's obligations (market access, national treatment, most favored nation treatment) be made in the direction of greater conformity with the agreement, not less'.<sup>11</sup> Thus, it will not be possible to reverse this liberalisation of the market. Such rigidity and irreversibility are particularly damaging in the light of the multiple cases of inefficiency, poor quality of services, and increasing costs that often result from liberalisation.

Negative list approach/ 'list it or lose it'

The most recent round of negotiations to date was held in Geneva on 28 April-2 May 2014. A US Trade Department press release reported that upon the completion of the Geneva round of negotiations in 2013, 'the draft text of the agreement was further stabilized with the removal of all brackets concerning the "negative list" approach'.<sup>12</sup> This was a provision that allowed countries involved in GATS negotiations to exclude certain sectors, such as health and education. In the current TiSA negotiations, this provision is being replaced with a 'list it or lose it' approach, where national treatment applies to all market actors unless a country applies for a

special exemption ahead of signing. If a country fails to apply for exemption, there is no way of changing the position.

According to the Global Services Coalition (GSC), the timetable for the negotiations completion should aim for 2015. For that ambitious timetable to be achieved:

‘This will require continued determination to tackle the difficult issues early, so that the most exacting questions facing negotiators do not get left too late. Among such questions are “21st century issues” including cross border data flows, regulatory transparency and coherence, movement of business persons, global value chains, and rules for state-owned and state-sponsored enterprises that compete in commercial markets’.<sup>13</sup>

This means the unrestricted movement of businesses, company directors and business consultants and the opening of state-owned and state-sponsored services to privatisation without a right to re-nationalisation or re-municipalisation.

### Regulations

TiSA will have a significant impact on the power of governments to impose regulations and standards related to ‘food safety, toxic chemicals, occupational health, and the protection of the environment’. These will include regulation of public subsidies, which will be subject to corporate policy decisions with no public accountability or public control.<sup>14</sup>

## **2. TiSA, TNCs, and Lobbying**

Trade liberalisation discourse is not new. It is something that Trans-national Corporations (TNCs) directly, via lobbying, and indirectly, via International Finance Institutions (IFIs), have been pursuing for several decades. The main EU, US, and global business lobbies and their own governments all strongly support TiSA and the Transatlantic Trade and Investment Partnership (TTIP).<sup>15</sup> The two treaties in combination, if in force, will provide a comprehensive international legal framework that would allow almost unrestricted access to, not only trade in public services but also decisions on how those services are provided and the impact of regulations on service quality.

Both the US and EU governments and other governments promote TISA and TTIP. They communicate with businesses directly and via lobbies and also open the matter to public consultation after consulting businesses and their associations. So, a public consultation on TiSA in the EU was completed by 6 September 2013.<sup>16</sup> There were 40 responses in total, out of which 26 came from businesses and the rest from NGOs and other stakeholders. Opinions of the former were mixed, whereas the latter were clearly critical of TiSA generally and of the national treatment, standstill and ratchet clauses in particular.<sup>17</sup>

International businesses and their organisations were additionally and independently consulted on the content of TiSA and TTIP too. The American Chamber of Commerce (ACC), Confederations of British, Swedish, German Industry, Transnational Business Council, Business Coalition on Transatlantic Trade, European Services Forum (ESF), BUSINESSEUROPE, DHL, UPS, European Express Association, BT, and Lilly are some of the most prominent stakeholders who had meetings with the EU/EC between 1 Jan 2012 and 19 Apr 2013.<sup>18</sup> As an example of how decisions are being made away from the main stakeholders, the future of State Owned Enterprises (SOEs)<sup>19</sup> was discussed with the US Chamber of Commerce (Meeting #73) rather than with the SOEs themselves or their representative unions.

One crucial point is that the liberalisation of trade in services and beyond will benefit primarily a few TNCs, which are already out-competing the rest. They also have a strong negative record of operating globally, which includes job losses, tax avoidance, economic inefficiency, poor quality of services/good supplied combined with increasing costs. Considering the potential implications of liberalisation of trade generally and privatisation of public services particularly it is important to understand which companies stand behind TiSA and TTIP promotion as they will be the highest bidders when the treaties are in force.

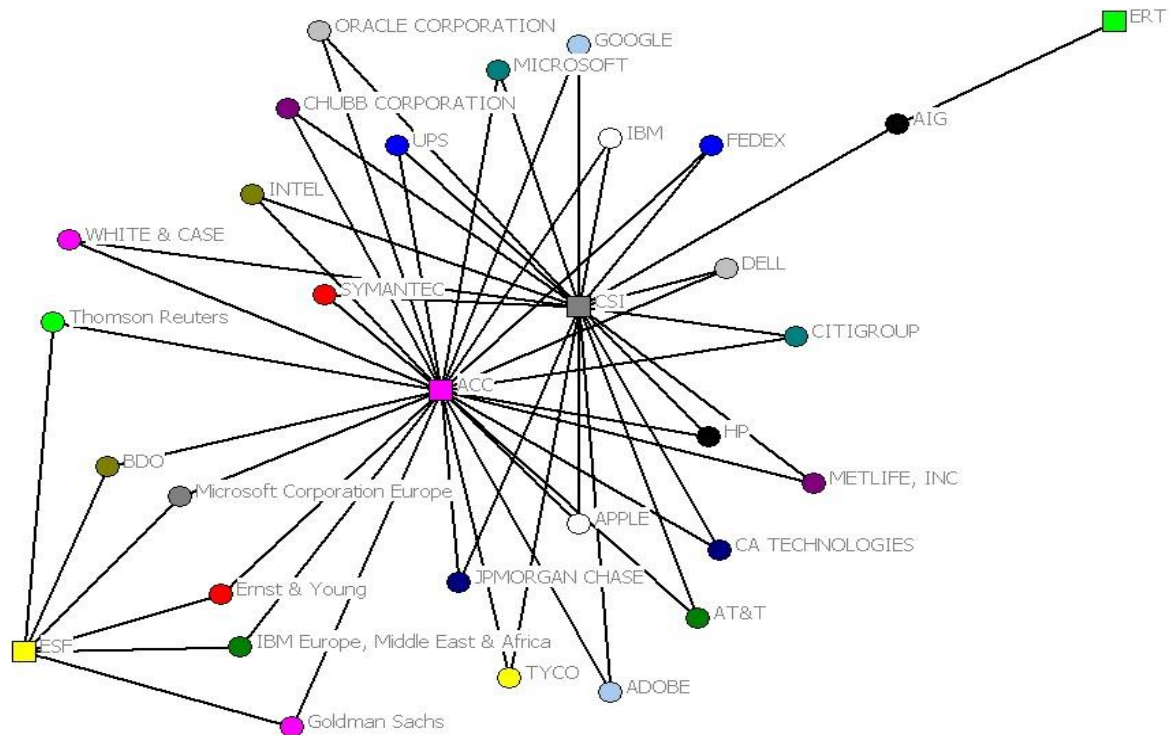
#### Tax evasion

Many of the largest global private service suppliers have been accused for tax evasion. For example, GDF Suez (Energy and Water), EDF (Energy), Veolia (Water), IMB (Hardware and Software), Eni (Energy), Shell (oil and gas), BP (energy), Glencore (mining) have all been reported to have used Dutch registration to avoid and evade paying tax elsewhere in the EU, US, and more. A report by tax campaign group 'Publish What You Pay Norway' found that more than a third of the 6,038 subsidiaries owned by major energy and mining companies are 'based in jurisdictions where accounts and ownership details are publicly unobtainable'.<sup>20</sup> Moreover, 'among the 358 Netherlands subsidiaries belonging to the world's most powerful extractive industry companies are subsidiaries whose names suggest their physical assets are held in a country which is not the Netherlands'.

The removal of restrictions on trade in services embedded in TiSA will result in an even higher degree of tax evasion by making it easier for TNCs to engage in transfer pricing, the process that TNCs use to establish prices of good which are traded between subsidiaries, more often a form of mis-pricing, which reduces the taxes that TNCs are required to pay national governments. This will reduce national government revenues, so limiting the power of governments to either avoid austerity policies or continue to support public services. Countries, such as Chile, China, Colombia, Costa Rica, Panama, Pakistan, Paraguay, Peru, and Turkey, which have weak financial, business and trade regulations and high levels of government corruption, coupled with a higher degree of services market liberalisation, will suffer most and more rapidly. In the EU the impact will be member state specific.

#### Mapping of lobby membership

**Figure 2. Interlocking TNCs membership in business lobby group advocating TiSA (and TTIP)**



<u>Key</u>	<u>Lobby groups</u>
squares – lobby groups	ERT - European Round Table of Industrialists
circles – TNCs	CSI –Coalition of Services Industries
circles connected to more than one square - interlinking lobby membership.	ACC American Chambers of Commerce
	ESF – European Services Forum

Figures 2 and 3 show the mapping of company membership in lobby groups that advocate for TiSA and TTIP and generally work closely with negotiating countries' governments. Figure 2 shows companies that are members of more than one lobby simultaneously and thus seek to impact governments' decision-making via more than one medium. Figure 3 is a mapping of all member companies in the lobbies from energy, water, healthcare, and telecommunication and postal services. These are sectors that are most likely to be subject to privatisation and thus loss of public control. The companies listed have been linked to inefficient, costly, and consumer and environmentally damaging operations, which will be discussed later, and are all part of the lobby-company network visualised below.

A seemingly weak link of services industry lobbies with European Round Table of Industrialists (ERT) on the company level is explained by the sectoral composition of ERT members as well as regional specificities of their business operation. Lack of interlocking members between ERT and American Chambers of Commerce (ACC) is explained by differences in the region of corporate domicile – EU and US respectively – of their member companies. Both ERT and ACC group voiced strong support in respect of TiSA and TTIP. US companies are dominant in the network around ACC and CSI. Limited interlinking between US (ACC and CSI), and EU (ERT and ESF) lobbies is not surprising as the regions and companies are in competition with each other. However this does not undermine their similar trade liberalisation vision within TiSA and TTIP frameworks. Also, only companies with presence in US and EU respectively are allowed to become members of the respective lobby groups.



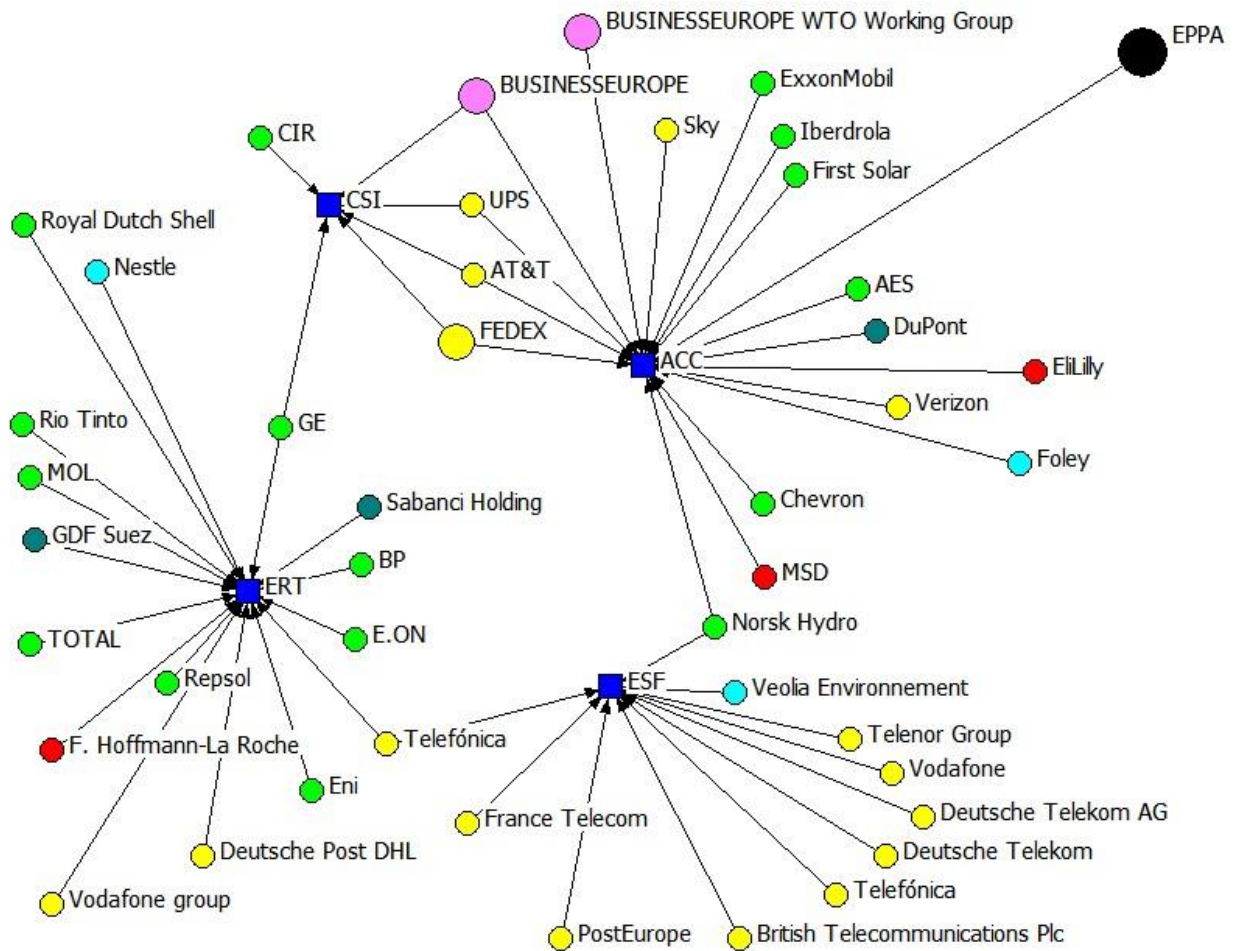
Table 2 shows companies in energy, water, healthcare, telecommunication and postal sectors which are members of business lobby group which are advocating TiSA (and TTIP). These sectors that will be opened up for privatisation under the frameworks of the two agreements, unless they are already privatised.

**Table 2: Energy, Water, Healthcare, Telecommunication and Postal services TNCs-members of business lobby group advocating TiSA (and TTIP)**

Sector	Water	Energy	Healthcare	Telecommunications and Post
Companies	Foley Nestle Veolia Environmental	AES BP Chevron CIR Eni ExxonMobil FirstSolar GE Iberdrola MOL NorskHydro Repsol RioTinto RoyalDutchShell TOTAL	CIR EliLilly F. Hoffmann-La Roche MSD	AT&T BT Deutsche Post DHL Deutsche Telecom Deutsche Telecom AG FEDEX France Telecom PostEurope Sky Telefónica Telenor Group UPS Verizon Vodafone Vodafone Group
	GDF Suez			
		DuPont		
	Sabanci Holding			

Figure 3 shows the listed companies in the four lobby groups, which are promoting TiSA and TTIP. Also included is EPPA PR, a company that works to 'build bridges between the European public interest and private interests' i.e. specialise on bringing governments and businesses together and thus represents a crucial link between the two.

Figure 3. Energy, Water, Healthcare, Telecommunication and Postal services TNCs membership in business lobby group advocating TiSA (and TTIP)



<p>Key                  Blue squares – lobby groups;                  Circles – TNCs;                  Circles connected to more than one square – interlocks in lobby membership.</p>	<p>Key: Colour economic sector                  Yellow – telecommunications and postal services;                  Lime green – energy;                  Red – healthcare services;                  Teal – water;                  Dark green – TNCs involved in more than one sector simultaneously (see Table 1 for details);                  Fuchsia – BusinessEurope EU industry lobbies; and                  Black – business+government US PR firm, EPPA.</p>
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The following sections will outline the potential impact of TiSA on the healthcare, water, energy and municipal services sectors. Each analysis will start with an account of how the main clauses of TiSA could affect each sector followed by some examples of how liberalisation has impacted on these sectors in the last few years. The countries selected are TiSA negotiating countries and some other WTO member states that underwent reforms similar to those proposed in TiSA but within the framework of GATS and domestic neoliberal policies. These examples show the costs of trade liberalisation in these sectors. The effects of trade liberalisation in healthcare, water, and energy are not limited to those sectors but extend throughout the services supply chains.

### **3. Health/social care**

There is a growing body of evidence to show that publicly funded and managed healthcare systems provide universal health services more effectively and efficiently than private providers. Appendix A shows the provision of healthcare services, cost and efficiency in Australia, Canada, Chile, France, Peru, South Korea, UK and the US. The table shows that private ownership of health care systems leads to poorer service quality and reduced efficiency, higher costs and reduced employment of qualified healthcare professionals (Appendix A). Public healthcare services will be affected by TiSA in several ways.

#### Standstill and ratchet clauses

Governments will be unable to impose new regulations on health services once they sign TiSA because they will be committed to maintaining existing levels of liberalisation. If one government changes its policies in favour of a more liberalised approach after signing TiSA, then other countries in TiSA will be bound automatically in favour of the greater degree of liberalisation. Newly elected governments will only be able to increase the degree of liberalisation and will be unable to decrease the level of liberalisation. This would make it impossible for privatised hospitals or failed private hospitals to be returned to public ownership. It would make it impossible for a country to introduce more extended rights to health care by limiting provision to certain providers.

Chile introduced extensive privatisation of the healthcare system in the 1970s and has experienced some of the problems generated by a rapid expansion of the private sector, with resources being taken away from the public sector. Key healthcare indicators, such as total health spending as a % of GDP and numbers of nurses and doctors per 1000 population, show that Chile is well below the average for OECD countries.

Table 3: Chile healthcare data

	Chile	OECD
Total health spending % GDP	7.5	9.3
Health spending per capita	\$1568	\$3339
Health spending – public sources	46.9%	72.7%
Physicians per 1000 population	1.6	3.2
Nurses per 1000 population	1.5	8.7
Hospital beds/1000 population	2.2	4.8

Source: OECD

Chile is already experiencing the problems of global trade agreements. People have limited access to high-tech diagnostic and therapeutic equipment because of their high costs, foreign production, and the restrictions on cheaper reproduction under the TRIPS WTO agreement.

In 2008, 68% of the population was covered by a public healthcare fund, 18% by private companies, and 14% by other 'not-for-profit agencies or did not have any specific coverage. The limited access that people had to basic treatments made the Chilean government introduce major reforms in health care provision in 2005, called the Universal Access with Explicit Guarantees (AUGE) system, which provided people with access to a basic list of health care treatments, without having to incur high costs of treatment. The AUGE reform led to an increase in the treatment of chronic conditions by the two major insurers. Diagnosis of major conditions has improved leading to faster treatment.<sup>21</sup>

The AUGE reform has been accompanied by a sizable increase in total health spending in the country, both from public and private sources. Total real health spending per capita grew by 155 percent, from Ch\$283,000 (US\$542) to Ch\$721,000 (US\$1,384), although it has stabilized as a share of gross domestic product at around 7.5 percent. Out-of-pocket health spending has dropped by 10% of the share of health financing in the country, from nearly 50 percent in 2000 to about 38 percent in 2011'.<sup>22</sup>

The AUGE reforms would have been impossible to introduce under TiSA. The power of governments to introduce new universal provisions, which affect competition within the national system, would be outlawed by the 'standstill and ratchet' clauses, which only allow for increased competition. A government would not be able to limit international private healthcare providers from entering the national healthcare system.

This constant requirement to increase liberalisation, would also affect public health measures. Governments use the regulation of the sale of tobacco and alcohol to limit consumption, by imposing taxes. If a government was to liberalise these measures, as the current Norwegian government is currently considering, then a future government would not be able to impose new regulations. This has serious implications for the democratic process because political parties would not be able to introduce measures supporting universal health services and the promotion of public health.

#### Future proofing

The healthcare sector could be potentially affected by the 'future proofing' clause, which requires the liberalisation of new services which may develop over time. In a sector where high-tech interventions are being developed to screen, diagnose and treat forms of cancer and other non-communicable diseases, this clause would limit the power of national governments to extend the universal provision of health services, through taxation. The scope of public health care services would not be allowed to grow in the light of technological innovations or even interventions which demonstrate increased effectiveness. Similarly advances in the delivery of social care would be subject to the same limits, with universal provision of social care being outlawed. This would be particularly strong in countries where there has been an expansion of private provision, in some cases through privatisation of public services. TNCs would argue that any new types of services should be subject to trading and competition. Governments would be unable to safeguard the long term public interest.

#### National treatment obligation

National treatment obligations would require countries to 'treat services and service suppliers of other countries no less favourably than they would treat their own'. In the context of the

healthcare sector, this would involve local health providers – government, non-governmental and cooperatives - which often play an important role in the provision of health and social care. The advantages of locally run services would be overtaken by TNCs. The experience of the social care sector in the UK shows some of the disadvantages of social care services delivered by companies which have headquarters and investors far away from the places in which care services are delivered. It results in decisions being made which do not meet the needs of local people and the people receiving care.

#### Domestic regulation/ Necessity test

It is in the area of regulation, which could affect the health and social care sectors most strongly. Public health depends on regulations in relation to environmental health, food, housing and land use planning as well as regulations of health care provision and health care professionals.

The power of governments to regulate in these areas could be subject to challenge by private companies, who could bring cases to trade dispute panels. The AUGE reforms of Chile would also have been subject to challenge by private insurance providers.<sup>23</sup> Gould (2014) argues that there would be implications for the Affordable Care Act in the United States because countries would have had to commit health insurance services to TiSA. The introduction of affordable care through a health insurance scheme, which would make treatments accessible at a low cost, would be challenged by the health insurance providers on the basis of the 'necessity test'. They might suggest alternative ways of providing these healthcare benefits, which would be 'less burdensome to business'.<sup>24</sup>

The quality of health services is strongly influenced by systems of healthcare regulation which set out minimum standards of care. One provision of TiSA is an attack on domestic regulation, which would affect the licensing of health facilities and laboratories. This would allow private sector providers to operate with minimum quality standards. Already, medical laboratory services are considered a potential area of investment for healthcare companies, for example Fresenius.

The free movement of labour is an important element of free trade agreements. In health and social care there is already extensive global movement of workers, often moving from low to higher income countries, leaving low income countries with shortages of health workers. Migrant health workers entering the privatised social care system often work in poor conditions with low pay. TiSA restrictions on government regulation would limit the power of governments to set minimum wage levels and terms of conditions and to regulate rights of migrant workers.

The restrictions on government regulations will affect the recruitment of health professionals with recognised qualifications. TNCs entering the healthcare market may choose to bring their own health professionals who are not necessarily registered to work in a particular country and who may be paid on lower salary levels to nationally qualified and registered health professionals. This will impact on the quality of care provided.

TiSA might affect data privacy of personal medical records, stored in electronic form. Several Canadian provinces require electronic medical records to be kept within their jurisdiction. If a US company took over the contract to manage medical records then the company would be required by the US Patriot Act to disclose information. This would enable US government agencies and private companies to access personal medical information.<sup>25</sup>

The systems of accreditation for medical schools and professional education centres for health care workers could be challenged by private providers. Already higher education is becoming privatised, with private, for profit providers entering the market. If domestic regulations were

challenged on the basis that they hindered liberalisation of the 'education market', this could result in a wide range of medical and health training providers creating training courses which did not adhere to well-established national professional regulations. This would lead to the over-production of doctors and other health workers and the fall in the standards of healthcare provision. Chile, and several other Latin American countries have experienced the expansion of professional medical training from the private sector, which led to over-production of doctors.

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Limited domestic regulation would also restrict the ability of governments to regulate the rights and working conditions for health care and social care workers. The expansion of home health and medical care places health and social care workers in highly individualised environments, which make it difficult to monitor health and safety legislation and other forms of worker protection of workers.

An example of how telemedicine has been introduced in South Korea, highlights the problems of a liberalised healthcare system. In December 2013 some 10,000 to 20,000 doctors demonstrated against telemedicine. The latter 'refers to the use of information-communication technologies for the delivery of clinical care' and is advocated as a scheme that can 'help people consult with and get prescriptions from doctors without having to travel to hospitals'. South Korea is the only country in the world where telemedicine is banned by law. According to the Ministry's plan to start in 2015:

'the service will be restrictively permitted to patients who require regular and a long-term medical checkup but are not in critical condition. The list of patients eligible for the telemedicine service includes those diagnosed with hypertension, diabetes and mental disorders. Patients who had surgery but were discharged from hospital will also be included for follow-up examination'.<sup>27</sup>

The Korean Medical Association, a lobby group for physicians, strongly opposed the ministry's decision, saying it would damage medical services by allowing an examination of a 'patient without a face-to-face consultation would undermine the fundamentals of medical service'.<sup>28</sup> In addition, KMA is concerned that telemedicine 'would further drive patients toward large hospitals in Seoul, leaving local clinics behind'. The ministry responded with allowing 'only primary care providers such as doctors at local clinics to practice telemedicine'. This arrangement will be threatened if TiSA is in force as restrictive.

The telemedicine bill was approved on March 25, 2014 at a Cabinet meeting chaired by Prime Minister Chung Hong-won, and has been sent to the National Assembly for passage. Now the door is opening 'to telehealth and mHealth in South Korea [that] presents exceptional business opportunities to the health care industry, particularly manufacturers and suppliers of telehealth technologies'. People's health and the quality and costs of healthcare will be controlled by TNCs, which under TiSA will have equal access to Korea's market with national companies. The reform also raises concerns about the privacy of patients' health records, potential data loss and erroneous diagnoses with potentially debilitating and even lethal consequences.

The approval of the telemedicine bill in Such South Korea questions the future quality of public healthcare. For example, studies of telehealth introduction in the UK showed it to be to be not cost-effective. In a large 'randomised controlled trial which examined the costs of a range of telehealth services and their effect on the quality of life in patients with heart failure, diabetes, and chronic obstructive pulmonary disease (COPD)' showed that 'adding telehealth to standard care increased costs by about 10% (including costs of the intervention and additional healthcare services) for only a very minimal gain in quality of life'.<sup>29</sup> Global revenue for telehealth devices and services is expected to increase to \$4.5 billion in 2018, up from \$440.6

million in 2013 based on data from an IHS report.<sup>30</sup> Moreover, 'global telehealth market is expected to grow by more than a factor of 10 from 2013 to 2018, as medical providers increasingly employ remote communications and monitoring technology to reduce costs and improve the quality of care'. There is no evidence that there are any savings or quality improvement.

## **4. Water**

### Standstill and ratchet clauses

Public water services would be affected by TiSA in several ways. The most important influence of TiSA on the water sector is that it would make the current movement for re-municipalisation of water resources illegal.<sup>31</sup> The pace of re-municipalisation has doubled since 2009 because of three factors: 'widespread problems affecting water privatisation irrespective of country and regulatory regime; the equal or greater efficiency of public water services, and the lower prices resulting from elimination of excessive profits; and, the comparative advantage of the public sector in realising the human right to water and sanitation and achieving other social and environmental objectives'.<sup>32</sup> Water services have been re-municipalised in high, medium and low income countries. The reasons why water services have been returned to public management show the failure of the TNC sector to contribute to the public goal of universal access to clean and affordable water. The rhetoric of private sector financing is a myth. There is no commitment to universal access to clean and affordable water unless significant profit can be guaranteed. These profit ratios have not been quickly, nor easily forthcoming in the developing world. The claim that the water TNC will save government money by providing more efficient and cost-effective operation, maintenance and rehabilitation of water and sanitation services is also not borne out in practice.

Both the 'standstill' clause which states that countries cannot agree to any new obstacles to liberalisations of services and the 'ratchet' clause which only accepts further levels of liberalisation, would make the taking back control of public water resources contrary to the increased liberalisation that TiSA sets out. There are many examples of how re-municipalisation has saved money and improved the quality of water, for example, Paris, Berlin, La Paz, Buenos Aires, Atlanta.<sup>33</sup> Smaller towns such as Cave Creek, in the US 'saved money and improved service after bringing its water and wastewater treatment systems into public hands, exiting and not renewing deals with Arizona American Water'.<sup>34</sup> Newly elected governments would only be able to increase the degree of liberalisation and would be unable to decrease the level of liberalisation. This has serious implications for the democratic process and the aim of electing parties committed to improving public services and making universal services available.

The case of Argentina illustrates how TNCs respond when their contracts are terminated by governments. After 1993, TNCs were granted expensive contracts for water and sanitation services which proved to be inefficient and costly. In the case of Aguas Argentinas services improved but neither the targets for investment nor for quality were met. Ducci (2007) documented that 'the water regulator ETOSS estimated that between 1993 and 2002 Aguas Argentinas delivered only 61% of the total investment due'.<sup>35</sup> The underinvestment, saved the company US\$746.4 million between 1993 and 1998 alone.<sup>36</sup> In addition, Azurix, the water division of the Enron Corporation, was given exclusive rights to provide water and sanitation services to the province of Buenos Aires for 30 years. Their operation resulted in a price increase and drop in quality of water so severe that consumers had to boil it before drinking.<sup>37</sup>

In Argentina, the renationalisation and remunicipalisation of water in Santa Fe, Tucuman, Buenos Aires, and its province re-established a strong role for central government in the sector, which was the case before the privatisations were introduced between 1993 and 2006.<sup>38</sup> However, the government decision to terminate the contract came at high price as, following re-municipalisation, Azurix sued the Argentine government citing a US-Argentina bi-lateral investment agreement which gave investors 'security and protection'. Consequently Azurix was awarded \$165.2 million (£99 million) of compensation by the International Centre for Settlement of Investment Disputes in 2006.<sup>39</sup>

The 'ratchet' clause would also impact on the growing conflicts over water as a resource in many areas of the world. The term 'water grabbing' has become increasingly common because the 'mechanisms for appropriating and converting water resources into private goods are much more advanced and increasingly globalised, subject to international laws on foreign investment and trade'.<sup>40</sup> Water is now considered a commodity, which means access to it is mediated by money, not the need to survive. Water grabbing is the 'direct extraction of water for the production of food, fuel and crops'. But is it also involves 'water infrastructure such as dams, reservoirs, hydropower stations, canals, and irrigation systems which divert and deplete water sources, potentially affecting entire river basins'.<sup>41</sup> As more of these resources move into TNC control, the less control communities will have over water resources, water quality and water prices, which will lead to increased prices, environmental degradation and pollution, and a fall in the quality of water supplied.

The company, America Water, is an example of how companies focus on buying up water and sewage systems. America Water targets struggling municipal systems, buy other private systems near to the existing network and then increases water and sewage rates. In 2012, America Water bought 10 water and sewer systems and increased water rates in nine states but it also sold its systems in Arizona, New Mexico and Ohio to concentrate on states expected to be more profitable.<sup>42</sup> At the same time, the company 'cut labour costs by \$17.8 million, or 3.6 percent, most of which came out of employee pensions'.<sup>43</sup>

#### National treatment obligation - 'list it or lose it'

In GATS/ WTO negotiations, countries could choose whether to open sectors to competition, which was known as the 'positive listing' structure which enabled countries to choose not to include the water sector. TiSA has adopted the 'negative listing' approach, whereby countries have to choose the exclude a sector from competition. It will be very important for countries involved in TiSA negotiations to list the water sector as exempt from liberalisation. If countries forget to list the water sector, they will be unable to protect the sector from liberalisation.

#### Domestic regulation/ Necessity test

The quality of water services is strongly influenced by national/regional/local agreements, which set out minimum standards of water quality and other aspects of water provision. The 'domestic regulation' and 'necessity test' clauses are an attack on domestic regulation, which wants to reduce the influence of regulation on basic public services. This has serious implications for the water sector. Governments at all levels play an important role in the monitoring and regulating the quality of water. TiSA may prevent governments from playing this role in protecting water quality because TNCs will ask if the regulation is necessary.

Food and Water Watch have repeatedly reported that the 'process of privatizing water systems is complicated, expensive and time consuming, and the cost of monitoring a private water operator's performance can be substantial'.<sup>44</sup> Under TiSA, in combination with TTIP, such monitoring will become not only more expensive but also redundant as any attempt to penalise a company could be interpreted as a move to jeopardise future revenue and/or investment,



which would make the government liable for those incurred losses. The implications of reducing regulation of water resources will affect health and the environment.

There are many countries that illustrate some of the problems that occur when water regulations are either ignored or not implemented. For example, although the United States has extensive environmental regulation, regulatory agencies often allow agribusiness companies to ignore it. This results in the misuse of water resources and breach of sanitation regulations by private companies in the extraction, manufacturing, and agricultural sectors.<sup>45</sup> In a sample of wells surveyed by the US Geological Survey from 1993 to 2000, 2 percent of public-supply and 9 percent of the domestic wells more common in rural areas were found to have nitrate concentrations higher than the Environmental Protection Agency (EPA)'s maximum allowable level. The EPA estimates that about 1.3 million households in counties with industrial livestock facilities get their water from wells with dangerously high nitrate levels'.<sup>46</sup>

Limiting the scope of government to regulate will affect water service workers because setting minimum standards for pay, terms and conditions as well as regulating the rights and conditions for migrant workers will be illegal, because it will be considered limiting the right of TNCs to do business and make profits. It will also prohibit the use of labour market surveys to determine if there are local workers available to do the work.

## **5. Energy**

### Standstill and ratchet

As in the case of the water sector, the TiSA standstill and ratchet clauses will affect the power of governments at local, regional and national levels to take back energy production into public hands, under democratic control. In Germany, the public is now critical of energy privatisation as the prices have risen sharply, resulting in growing support for (re-)municipalisation (EPSU 2011). Between 2007 and 2011 '44 new local public utilities (Stadtwerke) have been set up and more than 100 private concession contracts for energy distribution networks and service delivery have returned to public hands'. In January 2014, in the City of Hamburg, the Swedish energy company, Vattenfall, agreed to sell its 74.9% share in electricity grid to the city following a referendum on re-municipalisation of the distribution grids for electricity, gas, and district heating held in September 2013. Vattenfall also co-owns the district heating network with the city, 74.9% and 25.1% respectively and is offering the city to buy its share in 2019.<sup>47</sup>

Energy companies are selling entire networks back to the government. 'Almost all existing contracts in the energy sector are up for renewal in the period up to 2016' and 2/3 of communes plan to buy back their energy networks.<sup>48</sup> That will come under threat with TiSA, as municipalities will have to compete against energy TNCs in bidding for energy networks. Also, private energy companies are not leaving the market but are just selling the network to help finance their debts. This means that once liberalised under TiSA, services quality is likely to drop and cost to rise even more.

### National treatment obligations

The global energy market is by far one of the most lucrative and thus both competitive and monopolised at the same time. De Graaf (2012) studied elite network relationships between the world's largest oil companies and concluded came to conclusion that there is an ongoing movement away from state control of the global oil market 'in spite of greater influence for state-owned oil companies'. Also, 'this development points to a broader contradictory dynamic: the renewed importance of the role of the state, and of 'statist capital', within an increasingly transnational, interdependent and interconnected global political economy'.<sup>49</sup>

In 2008, the directors of the world's top 10 private oil companies collectively managed almost 1.6 trillion dollars in revenues, but during the same year only 7 countries' GDP exceeded that amount.<sup>50</sup> Four of these corporations are state owned, Saudi Aramco (Saudi Arabia), National Iranian Oil Company (NIOC), Petroleos de Venezuela SA (Venezuela), PetroChina (China). One is state controlled (Gazprom 23% state owned) and five are privately owned international oil companies (Exxon, Chevron (USA), Total (France), BP (UK), Royal Dutch Shell (Netherlands/UK)).

Control over energy resources is an important strategic activity because most economies are heavily reliant on oil revenues. Exploration, drilling, refining, transportation, and distribution of energy is also strategic and highly profitable. Currently, some '70% of the world's oil resources are managed by state-owned corporations, in countries like Venezuela, Mexico, Iran, and Norway', which provides these countries with resources to fund national development programmes. If those are pushed into privatisation through the adoption of TiSA and then corresponding WTO adjustments, that control will eventually be in the hands of TNCs with no public accountability.

Peru is a lucrative area to exploit as it is the seventh-largest crude oil reserve holder in Central and South America, with 579 million barrels of proven reserves. Petroperu is the largest oil company in the country and is state-owned but 49% was approved for privatisation in December 2013. An overhaul of the Talara refinery in northern Peru is expected to be financed privately, with the first injection of private capital in its 40-year history, and the government expects to complete the project in 2017. Petroperu 'will borrow US\$3.5bn to pay for the project, according to officials, allowing total oil output to rise to 95,000 barrels/day from the current 65,000 b/d'.<sup>51</sup>

The extent of state control over the petroleum industry will be undermined by the TiSA clause 'national treatment obligations' which will make governments treat other providers equal to its own state run enterprises. Mexico now too moved to open its oil markets after 75 years of state resource ownership by Pemex (Petroleos Mexicanos) and is projected to become a strategic producer by 2025. The resources at stake are vast: 'an estimated 160bn barrels of oil equivalent, which includes potentially 55bn mostly in deep waters and about 60bn in shale'.<sup>52</sup> The United States is the most interested in this expanded market. In 2012, U.S. exports to the countries in the Americas totalled 2.0 million barrels per day, more than three times higher than in 2006 when it totalled 0.6 million barrels per day, mainly to Mexico and Canada but increasingly more so to Brazil and Chile.

The Americas region presents a vast market to explore and exploits and in 2012 already 'produced and consumed about 31% of the world's natural gas, while accounting for 20% of global natural gas trade in both imports and exports'.<sup>53</sup> It 'holds an abundance of existing proven reserves, as well as the promise of abundant resources of both oil and natural gas'. It already comprises a sizeable portion of the global markets in liquid fuels and natural gas, has attracted FDI in the sector, and as a 'region has the potential for further expansion and development'.<sup>54</sup> That will mean more privatisations, land and water grabs, environmental degradation, population displacement, and disruption of local economic complexes, especially local agriculture.

TiSA is being negotiated in combination with the Transatlantic Trade and Investment Partnership (TTIP) will make it states liable for any, and even potential, loss of profit. There are many examples of energy companies suing governments already and that will only increase.

In 2012, the Swedish energy company Vattenfall filed a request for arbitration to the International Centre for the Settlement of Investment Disputes, after Germany's decision to abandon nuclear power. The company is claiming €3.7 billion (£3.04 billion) in compensation.<sup>55</sup> Ecuador would face bankruptcy if it complied with investor judgements against it, especially the World Bank arbitration tribunal award to the Occidental Petroleum Corporation which granted it damages of \$1.77 billion (£1.06 billion) because its operating contract was cancelled.<sup>56</sup> In a move which many countries will be watching with interest, Quebec is being sued by the company, Lone Pine Resources Inc, for \$250 million (£134 million) damages after it introduced a moratorium on fracking.<sup>57</sup>

#### Problems with privatisation

There are many countries which have reported problems with energy supplies after privatisation and liberalisation of energy markets. In Australia, there are a series of failures which date back for several years.<sup>58</sup> After privatisation, maintenance staff were reduced in Victoria, which resulted in frequent power cuts and delays in fixing them. A more recent report commissioned by the Electrical Trades Union (ETU) shows that 'privatisation in the electricity sector has been an expensive and dismal failure'.<sup>59</sup> The study looked at '20 years of electricity privatisation reform, including the outcomes of power sales in Victoria and South Australia' and showed that 'no benefits to consumers' but instead large financial losses to the public'.<sup>60</sup> Moreover, the amount of consumer complaints in states with privatised energy supply soared from 500 to more than 50,000 per year.

In Brazil, privatisation of energy provision, 'has placed hydro-electricity at the service of large transnational companies such as mining, metallurgy and supermarket conglomerates'. They enjoy prices 10 times lower than households. This has resulted into a price increase for domestic households of over 400% in the last 10 years, even though 80% of Brazil's energy is generated through hydro-electric power.<sup>61</sup>

#### Domestic regulations / necessity test

The energy sector will be affected in several ways by the TiSA clauses that limit domestic regulations. One of the biggest dangers, is the threat to environmental regulations. The excavation and drilling for oil and gas supplies is frequently damaging to the environment. Current community challenges to the introduction of fracking, show the importance of local communities being able to use government environmental regulations and protections to safeguard the quality of environmental resources such as air quality, uncontaminated land and water. If TNCs raise the question of whether environmental regulations are a 'necessity' and argue that their profits would be threatened by the implementation of existing regulation, then the power of local communities and governments to limit TNC activities will be eliminated. The threat to government regulations can also be seen in the operation of local energy markets. Will subsidies to low income groups and isolated communities be challenged by TNCs?

#### Future proofing

The 'future proofing' clause will be significant for governments, which want to be active in changing patterns of energy consumption. Municipal authorities, in countries such as Germany, have played a lead role in supporting new forms of energy generation because of a lack of interest by many major energy suppliers. If municipalities were unable to take on this innovative role, the scope for developing new forms of alternative energy consumption would be limited to what was considered profitable by TNCs.

Several energy companies are actively involved in the lobbying for TiSA, which reflects their interests in dominating any future energy markets. For governments that recognise the threats of climate change, developing alternative sources of energy is an important part of any strategy. The scope of the 'future proofing' clause means that any new forms of energy will be subject to

competition rules even if it is not currently produced. This clause raises the threat of future public policy decisions about energy consumption being taken away from governments, with TNC interests dominating.

## **6. Municipal services**

The potential for TiSA to affect the scope and effectiveness of the municipal services sector is extensive. Although the process of public sector reform has reduced the scope of municipalities in the provision of services, many still provide and are responsible for public services. They also play an important role in the regulation and inspection of services – water, social care, health care, environmental health/ food. Some play a strategic role in economic development through the support for small /medium sized enterprises, training and business development. Other municipal roles are found in public employment services, social inclusion / social support systems, education and libraries.

### Standstill and ratchet

Local / municipal authorities often have the responsibility for providing waste management services. In recent decades, many municipalities have contracted/ outsourced these services but found that the quality and reliability of the services is poor. In 1997, what has been called ‘The Big Pong’ over Adelaide, Australian was caused by mis-management of the water and sewerage supply which had been contracted to a private company. A government report written by ex-public employee found that the problem was caused by ‘lack of investment in infrastructure and failure of routine procedures following staff cuts had both contributed to the massive sewerage treatment failure’.<sup>62</sup>

As with water and energy services, municipalities have been re-municipalising waste management services. For example, in the United States, in 2010, Sioux City ‘terminated its wastewater management contract with American Water 14 years early’. The company was accused of ‘failing to meet its responsibilities and obligations, including providing adequate staffing’. After just one year, the city ‘cut the cost of operating the wastewater treatment plant by a quarter, saving about \$1.5 million a year compared to the cost of private operation’ (Ibid. 4). This would not be possible under TiSA.

In Newfoundland municipalities are currently considering a public private partnership as a way of upgrading the waste treatment infrastructure. This has been mandated by the federal government. Municipalities which enter into a long term public-private partnership and then find that the quality of services and operations provided by the private provider is of poor quality, will not be able to take back control of these services under TiSA.<sup>63</sup>

In the case of Stockholm County, in 2011, it was able to respond to a continuing series of complaints about the standards of care in homes run by Carema. A 90 year old woman died of starvation in a care home where she had been living for three years.<sup>64</sup> As a result Stockholm City terminated its contract with Carema.<sup>65</sup> More than 150 complaints were made about Carema to the National Board of Health and Welfare.<sup>66</sup>

There are other examples of water, energy, public employment services and social care services, which were privatised but have been brought back into municipal control following unsatisfactory service quality. The inability of municipal authorities, as well as other levels of government, to respond to criticism of service delivery by retaking control over services, limits the scope of local democratic accountability. TiSA would prevent municipalities was establishing a public monopolies or other forms of delivery considered un-competitive.<sup>67</sup>

#### Domestic regulations / necessity test

As well as providing services, municipal authorities have important responsibilities in controlling the planning system, in approving the use of land and the quality of the environment. These responsibilities would be undermined by TiSA provisions because TNCs would argue that the regulations were restricting their scope to do business. As the environmental damage done by TNCs is a source of pollution, EXAMPLE, this would make municipal authorities unable to control the quality of the local environment. Once again, TNC interests would dominate local environmental decisions. This also limits the scope of local campaigns to influence the way in which land and resources are used, whether for the benefit of local communities or TNC corporate agendas.

There are many environmental issues raised by the expansion of TNC retail companies. Walmart has already announced that it would use TiSA provisions to eliminate zoning restrictions near to its stores.<sup>68</sup> Restrictions on municipal planning regulations would affect the ability of municipalities to determine the quality of local urban environment, whether in terms of noise, air quality, building design. In some countries, the regulation and standards for social care are a responsibility of municipal authorities. Again, this would be eliminated if TNC providers of care considered regulations were limiting their revenues.

#### Future proofing

The provisions of TiSA, particularly the 'future proofing' clause, will result in the undermining of local democratic processes, with an impact on the power of local, regional and national governments. The ability of government at many different levels to identify new needs for public services and ways of meeting these needs, may draw on new technology or new approaches to service delivery. It is a part of democratic society, that citizens can elect political parties which are committed to the introduction of new public services. Examples of new public services include, new healthcare technologies, new technologies for the treatment of water, new forms of energy generation and digital services for local businesses. Municipalities have been able to respond to the needs of their local population for over a century. During this period, new services have been established and the allocation of municipal resources has changed over time. If this scope for meeting the changing needs of local populations, then an important democratic process would be undermined. Any new services will have to be delivered within a competitive environment, with TNCs determining the form of provision.

As well as limiting the power of municipalities to introduce new public services, the 'future proofing' clause will also limit the ability of municipalities to regulate services and future environmental protection standards if they would limit companies/TNCs in their business operations.

#### National treatment obligations

The national treatment obligation clause requires countries within the TiSA to treat local companies, local government agencies, local not for profits and cooperatives in the same way as they would treat TNCs.<sup>69</sup> This will affect the scope of municipal authorities to set up and nurture local businesses, social enterprises and cooperatives to provide services to local people. The strength of these locally supported businesses is that they have grown from an understanding of the needs of local people. For example, a community leisure centre, which has worked with locally disadvantaged groups, would have to compete with a TNC leisure services company. Subsidised rates and other ways in which local communities are encouraged to take part would be undermined. Municipal authorities, in many countries, have played a role in

reducing poverty by collaborating with other agencies on a not-for profit basis. TNCs would only be interested if the activities generated profits.

The 'national treatment' clause has implications for locally established 'state owned enterprises'. There is a long history of municipalities playing a key role in local economic development. This may be through the provision of infrastructure for businesses at subsidised rates or through the support of state owned enterprises. This would be undermined by TiSA competition clauses.

## **7. Conclusion**

TiSA raises fundamental questions about the future of public services and the scope of government at local, regional and national levels to control the future of public services as well as regulate to improve economic, social and environmental well-being. TiSA will also limit government's power to address future public services needs through the use of technology and other developments, which do not currently exist. Limiting the power of government to meet future needs, is a major restriction on the democratic process. Citizens vote for governments in the hope that they will improve society. If governments are unable to do this, the democratic process is undermined.

TiSA will impact on the health and social care sector in terms of service provision, driven by profits. There is already extensive evidence that the profit motive distorts the delivery of health care towards the search for company profits rather than meeting healthcare needs. It will potentially affect the regulation of healthcare, which is important for ensuring the provision of high quality care as well as the regulation of health workers, which will also affect standards of healthcare as well as the quality of the working environment.

TiSA's impact on both the water and energy sector will terminate any future moves towards re-municipalisation and the return of these utilities to public ownership. Again, this will damage the democratic process. Re-municipalisation of both water and energy services has been the result of local communities campaigning for public control over basic public services.

TiSA's impact on the capacity of government to regulate will also undermine the power of government to protect and improve the environment for the benefit of citizens rather than the pursuit of profit. The impact of climate change requires strong government commitment to change the ways in which energy is generated and consumed. TiSA will minimise the role that governments play in this transformation. The interests of some of the major TNCs are opposed to addressing the results of climate change.

TiSA will also impact on the establishment and maintenance of labour regulations. This is already under attack in many countries. TiSA will facilitate the process of reducing the rights of workers in general but specifically the rights of public sector workers. If public services are to be driven by the profits of TNCs, there will be no recognition of the value that high quality public sector workers contribute to high quality public services.

Yuliya Yurchenko and Jane Lethbridge  
June 2014

**Appendix A: Healthcare services provision, cost, and efficiency in Australia, Canada, Chile, France, Peru, South Korea, UK, and USA.**

	Australia	Canada	Chile	France	Peru	South Korea	UK	US
Healthcare providers <sup>70</sup>	Medicare (and more), State Multiple private	Medicare, State Multiple private	SHI: Fonasa Isapre + AUGE	Assurance Maladie (state) Multiple private	MINSAs 60% EsSalud 30% 9.3% private; +Police and Army	National Health Insurance Corporation via private providers	<b>State:</b> NHS Multiple private (8%)	Patchwork of public and private insurers and hospitals. State: Medicare and Medicaid Multiple private
Type of ownership	Mixed	Private	Private			Private	Mainly state, mixed	Mixed
<b>Costs I (patient):</b>								
- experienced cost related access problems	16	13	NA	18	NA	NA	4	43 (total; 63 % uninsured and 27% insured),
- spent \$1000 or more out of pocket	25	14	NA	7	NA	NA	3	41
- Serious problems paying or unable to pay the bill	8	7	NA	13	NA	NA	1	23
- skipped dental care due to cost in past 2 years	29	21	NA	20	NA	NA	6	33
<b>Costs II (state):</b>								
Per capita government expenditure on health at average exchange rate (US\$)	4108.4	4021.6	606.7 (2011)	3608.7	198.7	926.7	3009.4	4126.1
Total, per capita, USD PPP adjusted (2012)	4068.2	4675.9	1606.1	4260.2	554.6	2321.4	3494.9	8895.1
Private share	24.9% covered by prepaid plans (2011) 56% out-of-pocket as part of private	43.4% covered by prepaid plans (2011) 50.1% out-of-pocket as part of private		59.7% covered by prepaid plans (2011) 32.1% out-of-pocket as part of private	87% out-of-pocket as part of private	14% covered by prepaid plans (2011) 79.1% out-of-pocket as part of private	18% covered by prepaid plans (2011) 56.8% out-of-pocket as part of private	59.3% covered by prepaid plans (2011) 20.7% out-of-pocket as part of private
<b>Efficiency and quality of service:</b>								
Same or next day appointments	58	41	NA	58	NA	NA	52	48
Waited 6 or more days for appointment	14	33	NA	16	NA	NA	16	26
Easy getting after-hours care without going to ER	46	38	NA	36	NA	NA	69	39
Availability of after-hours care at practice	81	36	NA	76	NA	NA	95	35
Used emergency department in past 2 years	22	41	NA	31	NA	NA	27	39 (48 uninsured)
Can email practice with questions	24	10	NA	9	NA	NA	25	28

Have emailed practice in past two years	9	2	NA	2	NA	NA	13	6
Patients can email practices with questions	21	11	NA	39	NA	NA	35	35
Insurance did not cover as expected/ spent a lot of time on paperwork in past year (adult patients, 2013) <sup>71</sup>	16	15	NA	23	NA	NA	4	32
Insurance coverage restrictions pose major time concern (Primary care physicians, 2012) <sup>72</sup>	11	23		20			10	54
Overall views on healthcare system, 2013								
Works well, only minor changes	48	40		40			63	25
Fundamental changes	43	50		49			33	48
Completely rebuild	9	8		11			4	27

Source: compiled based on data collected by American Health Association (2013), the Commonwealth Fund (2013), OECD data, and national healthcare services websites.

<sup>1</sup> [http://article.wn.com/view/2014/03/31/EU\\_backs\\_China\\_joining\\_talks\\_on\\_Trade\\_in\\_Services\\_Agreement\\_\\_t/](http://article.wn.com/view/2014/03/31/EU_backs_China_joining_talks_on_Trade_in_Services_Agreement__t/)

<sup>2</sup> <http://www.ictsd.org/bridges-news/bridges/news/tisa-members-hold-first-review-of-market-access-offers>

<sup>3</sup> <https://www.dfat.gov.au/trade/negotiations/services/trade-in-services-agreement.html>

<sup>4</sup> <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1030>

<sup>5</sup> <http://en.mercopress.com/2014/05/03/uruguay-interested-in-joining-negotiations-to-liberalize-trade-in-services>

<sup>6</sup> <http://en.mercopress.com/2014/05/03/uruguay-interested-in-joining-negotiations-to-liberalize-trade-in-services>

<sup>7</sup> (Corporate Europe Observatory 2014).

<sup>8</sup> Marchetti and Roy (2013) p.9

<sup>9</sup> US Trade Representative press release

<sup>10</sup> International Centre for Trade and Sustainable Development (2014) <http://www.ictsd.org/bridges-news/bridges/news/services-talks-within-wto-member-group-advance-eyeing-launch-of-formal>

<sup>11</sup> Sinclair and Mertis-Kirkwood (2014) p.11



- <sup>12</sup> <http://www.ustr.gov/about-us/press-office/press-releases/2013/November/readout-Trade-In-Services-Agreement-Negotiations>
- <sup>13</sup> 'Global Services Industries Highlight Importance of the Trade in Services Agreement'. GSC. 2014. Available at: <http://www.esf.be/new/wp-content/uploads/2014/05/GSC-Statement-Final-Geneva-28-April-2014.pdf>
- <sup>14</sup> **Proposed plans for US-EU trade deal would weaken health, consumer, worker and environmental protections'** CEO. 12 May 2014. Available at: <http://corporateeurope.org/pressreleases/2014/05/proposed-plans-us-eu-trade-deal-would-weaken-health-consumer-worker-and>.
- <sup>15</sup> <http://businessroundtable.org/media/news-releases/us-and-european-business-leaders-urge-stepped-action-ambitious-%E2%80%98transatlantic>
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- <sup>72</sup> Amount of time doctor or staff spend getting patients needed medications/treatments because of coverage restrictions is a major problem.