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"Comments on the Future of EU Investment Policy"

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I would like to thank Anna Cavazzini for issuing the draft report and use this opportunity to express my appreciation for the way she leads the monitoring group. Since the Lisbon Treaty, the EU has radically changed its approach to investment policy. The EU gained the exclusive competence on investment policy, with the exception of portfolio investment and ISDS that remains a Member State competence.

To contextualize this report, it is important to note that increasing outward and inward FDI will remain a key element of the path to recovery and long-term growth for the EU and for many other economies. Indeed, global FDI flows, which were already declining since 2015, have experienced a dramatic drop in 2020 (-30%) due to the COVID- induced crisis.

It is important to emphasize that international investment agreements aim to ensure that European investors enjoy a reciprocal level playing field when investing in a third country that is similar to the level of guarantees enjoyed by third country investors in the European Union. This is not about the rights enjoyed by foreign investors in Europe compared to the rights of EU investors in Europe.

The agreements help open up new markets for our investors which is the investment liberalization function of the agreements. Their facilitation function can help the host country in setting up a more transparent and investment-friendly business climate. And the investment protection function provides EU investors with safety nets when needed.

A lot has been achieved in all three areas through reforms. The Union strengthened the standard texts proposals, notably its definitions to ensure the best possible market access conditions for prospective or existing EU investors. EU international investment agreements now do clearly guarantee the principle that Member States have right to regulate on matters of public health, environment or public morals, among others, which is needed to achieve our twin transitions.

The EU is also very active on investment facilitation policy to help create a transparent, predictable and attractive environment for domestic and foreign investors in developing countries. In that regard, the EU plays a leading role in the WTO plurilateral negotiations on investment facilitation for development.

Most notably, the EU also moved away from the old Investor-State dispute settlement (ISDS) to the Investment Court System, which should address many flaws of the ISDS. Important role in this context is played by UNCITRAL negotiations. We support the Commission's efforts in this regard.

As the Lisbon Treaty granted the Union exclusive competence on investment protection, it is vital that Member States either terminate or modify their bilateral investment treaties so that they contain the EU's modernized protection standards and replace traditional arbitration tribunals by the Investment Court System.

Unfortunately, as we know, the investment protection parts of the Canada, Vietnam and Singapore agreements are not provisionally applied and are not in force. To protect EU investors, it is paramount that Member States ratify these agreements as quickly as possible. Finally, we support the Commission's efforts to modernize the Energy Charter Treaty and encourage them to spare no efforts and reach a positive outcome in June 2022.