

# EU/Singapore Investment Protection Agreement

2018/0095M(NLE) - 30/01/2019 - Committee report tabled for plenary, single reading

The Committee on International Trade adopted the report by David MARTIN (S&D, UK) containing a motion for a non-legislative resolution on the draft Council decision on the conclusion on behalf of the European Union of the Investment Protection Agreement between the European Union and its Member States, of the one part, and the Republic of Singapore, of the other part.

As a reminder, Singapore is the eighth largest destination for EU foreign direct investment and the first in the ASEAN region. It is the number one location for European investment in Asia, with bilateral investment stocks reaching EUR 256 billion in 2016.

This is the first ‘investment protection only’ agreement concluded between the EU and a third country following discussions among the institutions on the new architecture of EU FTAs. In the light of the EU’s new approach to investment protection and its enforcement mechanism, the investment court system (ICS), in 2017 Singapore agreed to review the investment protection provisions negotiated in 2014, thereby re-opening a closed agreement.

The agreement will replace the existing bilateral investment treaties between 13 EU Member States and Singapore, which do not include the EU’s new approach to investment protection and its enforcement mechanism (ICS).

Overall, Members welcome the EU’s new approach to investment protection and its enforcement mechanism (ICS), which replace both the controversial investor-to-state dispute settlement (ISDS), addressing some of its flaws in the process, and the individual approaches followed by the EU Member States in existing bilateral investment treaties (BITs).

The new agreement will ensure a high level of investment protection, transparency and accountability, while safeguarding the right to regulate at all governmental levels and pursue legitimate public policy objectives for both Parties, such as public health and environmental protection.

Members regretted, however, the lack of provisions on investor responsibilities and highlighted, in this context, the importance of corporate social responsibility.

They called on the Commission to consider legislation similar to that on conflict minerals and timber, such as for the garment industry. They also noted the lack of a global approach to corporations’ compliance with human rights law and of available remedy mechanisms.

Members recalled that the ICS envisages the establishment of a Permanent Investment Tribunal of First Instance and an Appellate Tribunal, whose members will have to possess comparable qualifications to those held by judges of the International Court of Justice, including expertise in public international law and not just commercial law, and will have to satisfy strict rules of independence, integrity and ethical behaviour through a binding code of conduct designed to prevent conflicts of interests.

Stronger sanctions in the event that a member of the tribunals not complying with the code of conduct should be put in place.

Lastly, Members considered that the approval of this agreement will give the EU more leverage to negotiate similar agreements with the other ASEAN countries with a view to establishing similar rules on investment protection throughout the region.

