



## **European Union**

### **Statement**

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**

**World Investment Forum 2018**

**(22 to 26 October 2018)**

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**Closing Session – Roundtable of Permanent Representatives**

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**Statement by Ambassador Walter Stevens, Permanent Observer of the  
European Union to the UN and other international organisations in Geneva**

**Geneva, 26 October 2018**

**- CHECK AGAINST DELIVERY -**

## Speaking points

Chair, Secretary General, Excellencies,

- Firstly, thanks to the WIF Secretariat and UNCTAD for organising an impressive week-long forum, with a truly global attendance and a forward-looking perspective which we hope to feed into. The current climate of multilateralism demands our focused attention, and we should grasp the opportunity to form meaningful and lasting cooperation - for investment and development. Now, allow me to elaborate on the EU's approach to investment and development:
- **Trade and investment are important for global economic integration, growth and prosperity. Without them, it is difficult to imagine that the Sustainable Development Goals of 2030 can be reached.** The EU remains a staunch defender of open trade and investment as a means to boost economic growth and create jobs. When coupled with social protection and environmental stewardship, we are convinced that trade can facilitate sustainable development. **Promoting sustainable development is at the heart of all recent EU Trade and Investment Agreements.**
- The EU's approach to securing investment treaties has also evolved considerably. We have learnt from the public debate and carefully weighed the interests at stake. Finding the right balance between those interests is vital if we want to pursue an investment policy that enjoys support and legitimacy in the EU. On the one hand foreign investors have the right to be protected against the possibility of serious misconduct by foreign governments, and be able to seek compensation. On the other hand, protecting investors should not impinge on governments' legitimate right to regulate in the public interest.
- The reform process started with the EU-Canada agreement. In it we clarified the content of the investment protection provisions in order to prevent abuses. We also strengthened States' right to regulate, and we proposed an investment court system (ICS) to increase the legitimacy, effectiveness and

independence of the dispute settlement system. We have been pursuing this approach, in all our negotiations, ever since. It is reflected, for instance, in the agreements that we concluded recently with Singapore, Vietnam, Japan and Mexico.

- EU agreements typically contain provisions that promote responsible investment: for instance, commitments not to lower standards in fields such as environment protection or healthcare provision; and to promote corporate social responsibility and pursue sustainable development objectives. As a result of our **investment policy reform**, we propose an operational article which affirms the right to regulate of the Parties and clarifies how it applies in a number of cases.
- In addition, the agreements commit the EU and our trading partners to implement the conventions of the International Labour Organisation that they have ratified or are working to ratify. These protect basic rights at work. They also pledge to put into practice all the Multilateral Environmental Agreements that they have signed up to, including the Paris climate convention. They ensure that more trade and investment should not come at the expense of environmental protection or labour rights.
- We realize, however, that the **implementation of complex investment agreements is not always easy** in some countries where the domestic legal framework often changes or suffers from challenges such as a lack of resources or expertise.
- The EU and its Member States are together the **world's biggest providers of development assistance**. In 2016 they provided 75 billion Euro in 2016, or almost 60% of global assistance, and 13 billion Euro in Aid for Trade, making the EU by far the world's leading provider of Aid for Trade.
- Blending is also at the core of the **EU External Investment Plan**. This is an ambitious initiative which European Commission President Jean-Claude Juncker proposed in September 2016. It aims to contribute to the Sustainable Development Goals. Since the beginning of 2017, the EU has approved a

contribution of around 2.5 billion Euro for operations under this External Investment Plan. This is expected to unlock around 24 billion Euro of public and private investment in Sub-Saharan Africa and the European Neighbourhood. In July 2018, the EU approved twelve new guarantee tools that could leverage an additional 8,5 billion Euro in investments.

- This Plan will encourage private investors to contribute to sustainable development in countries outside Europe. Its financial arm, the **European Fund for Sustainable Development (EFSD)**, will support investments by public financial institutions and the private sector. With a contribution of 4.1 billion Euro from the European Commission, the Plan is expected to leverage more than 44 billion Euros of investments by 2020. With matching contributions, this could mobilize additional finance of up to 88 billion Euro in total.
- The EU is championing a multi-faceted approach in its investment policy. The Sustainable Development Goals are present in the many strands of EU trade, investment and development policies. Investors will need a facilitated framework for providing much-needed private investment in developing countries. They also need assurances that their returns on investments can safely be recouped. The innovative and reformed EU approach to investment protection is part of a comprehensive set of EU policies that achieve a careful balance between investment protection and the right to regulate.
- One more point on **sustainability in investment**. Early in 2018 the European Commission proposed the **first ever EU Action Plan on Sustainable Finance** and in May 2018 a full package of concrete actions to enable the EU financial sector to lead the way to a greener and cleaner economy were proposed. These actions might be game changers for the global Investment landscape and the proposals confirm Europe's commitment to be the global leader in implementing the SDGs. There are compelling arguments for putting the financial sector at the service of our planet: first, the impact of climate change and other environmental risks already threaten financial stability and leads to major economic losses through floods, biodiversity loss, land erosion

or draughts. Last year, the amount of catastrophe-related losses covered by insurance reached an all-time high of €110 billion. The EU financial sector has the potential to multiply sustainable finance and become a global leader in this area. This should also have a positive effect on economic growth, job creation and connect finance with the needs of the European economy and the EU's agenda for sustainable development.

- One of the first steps in implementing the Action Plan will be to develop an **EU taxonomy** - or a classification system - identifying environmentally sustainable economic activities, providing clarity on which investments are green.
- The EU is also developing a label for green financial products, using the **EU Ecolabel** framework. This will enable retail investors to be confident that their money is being invested in sustainable activities. The EU is clarifying the **duties of institutional investors**. This is to ensure that asset managers, pension funds and insurance companies consider environmental, social and governance (ESG) factors and risks in their investment decision process. The Commission has proposed amendments to existing legislation to ensure more transparency towards the end-client on ESG factors.
- On the issue of **establishing a Geneva Group of Friends of investing in the SDGs**: As there is already an existing "Group of Friends on SDG financing" – its Geneva chapter chaired by Canada, Jamaica, and Switzerland – it would maybe be a good idea to bring the investment impetus to this group.
- Allow me **to conclude**, Chair, by reaffirming our commitment to support and contribute to the work being done by UNCTAD's division on investment and enterprise. We believe that multilateralism is key in this field, and that international cooperation will pave the way for meaningful and sustainable progress. I thank you.