

Contact: Elisavet Sergiadou: +32 (0)2 789 24 01
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Commission's ISDS plan fails to deliver

EU Trade Commissioner Cecilia Malmström unveiled plans to deal with Investor-State Dispute Settlement (ISDS) in the EU-US Trade and Investment Partnership (TTIP) deal. She was speaking to Members of the European Parliament today.

ISDS allows foreign companies to claim compensation from governments via private tribunals if they believe laws and measures reduce the value of their investments.

Monique Goyens, Director General of The European Consumer Organisation commented:

"We commend Commissioner Malmström's intention to reform the Investor-State Dispute Settlement system. But the plans fail to acknowledge ISDS is not needed in TTIP. Existing levels of protection in the EU and the US fully suffice to guarantee legal security for investors.¹

"The plans also do not address the fundamental flaw of this mechanism which is the discriminatory character of these tribunals. They remain available only to foreign businesses, thereby giving them greater rights than domestic companies, civil society organisations or citizens.

"The Commission's approach is to 'patch up' what is a deeply flawed system. Including ISDS in a deal with the US would cement such an impression. The correct move would be to scrap ISDS altogether and not delay a fix endlessly.

"We welcome that the Commission acknowledges the need to move to alternatives. But the Commission should now walk the walk, stop promoting ISDS and invest its resources in delivering a plan B.

"The Commission's reform plans essentially rubber-stamp what has been recognised by civil society long ago – that ISDS is flawed and does not belong in 21st century trade deals. This begs the question: why should EU member states and parliaments sign off on the trade deal with Canada as long as the agreement contains this very system? Keeping ISDS in the EU-Canada agreement also means tens of thousands of US companies can attack EU governments via their Canadian subsidiaries no matter what is decided under TTIP."

Note:

¹ This is also the conclusion of the opinion of the Legal Affairs committee of the European Parliament, the committee responsible for the interpretation of EU and international law.

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