



**THE EUROPEAN CONVENTION
COMMON COMMERCIAL POLICY (CHAPTER III)
EXTENSION OF COMMISSION COMPETENCE TO INCLUDE
FOREIGN DIRECT INVESTMENT**

The Problem

The latest Convention text extends Commission competence and qualified majority votes in Council to include “foreign direct investment” (Art III-212)

At present, Commission competence does not include foreign direct investment issues which are subject to unanimous vote in Council. We have strong reservations about the Commission being given sole competence to negotiate on investment, and have little confidence that this change will lead to the formulation of investment policy that supports (rather than actively undermines) sustainable development.

This is based on the observations that:

- (i) The Commission is energetically pursuing the launch of negotiations for an investment agreement at the WTO: Negotiations which are opposed by civil society organisations north and south, and by many developing country governments. Moreover, EU Member States themselves are far from unanimous on these negotiations.
- (ii) The process by which the Commission exercises its current competence on trade issues is far from transparent or accountable. There is no proper accountability of the Article 133 Committee, which is open to manipulation by the Commission. Parliamentary oversight is also lacking.

What is the time-frame from here on?

The timing of the Convention Process from here on:

Several Convention Members made recommendations that foreign direct investment should be removed from these articles. But these amendments must be re-tabled by noon on Monday June 23rd if they are to be discussed in meetings of the Convention that we are expecting on the 9th-11th July, and possibly July 4th.

The process then goes to the Intergovernmental Conference (IGC), when lobbying will have to move from the Convention itself to Member States.

Please:

- **Urge Convention Members (Foreign Ministries in Member States, MEPs and National Parliamentarians) to table, or re-table, amendments that would omit references to foreign direct investment from Articles III-211 and Article III-212 (see below for suggested textual amendments). This needs to be done by noon on Monday 23rd June.**
- **Urge Convention Members to support these amendments in the Convention meetings that we are anticipating in early July (see above).**

SPECIFIC PROPOSED AMENDMENTS TO Arts III-211 and III-212:

The amendments shown below include the deletion of 'foreign direct investment', but also include amendments to reflect other concerns.

PROPOSED REDRAFT OF ARTICLE III-211

Article III-211

By establishing a customs union between themselves Member States aim to contribute, in the common interest, to the harmonious development of world trade, ~~the progressive abolition of restrictions on international trade and to foreign direct investment, and the lowering of customs and other barriers~~ **where this contributes to the achievement of sustainable development and poverty eradication.**

Article III-212 (ex Article 24)

1. The common commercial policy shall **promote sustainable development and poverty eradication** and be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services and the commercial aspects of intellectual property, ~~foreign direct investment~~, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies **where these measures do not undermine sustainable development or poverty eradication.** The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action, as set out in Article 1 of this Title **and contribute to the primary aims of sustainable development and poverty eradication.**

For more information, please contact:

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For the full recommendations of the Green 8 on part III of the convention, see
Greening the Treaty, <http://www.panda.org/downloads/europe/latestcontribution.pdf>