

## Report on Supply Chain Compliance Volume 3, Number 20. October 15, 2020

### UN working group meets to discuss ISDS reform

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The United Nations Commission on International Trade Law (UNCITRAL) met last week to discuss, among other things, possible reforms to the investor-state dispute settlement (ISDS) process, which allows foreign investors the right to sue for compensation when they are in disagreement with a host government.<sup>[1]</sup> The mechanism is a feature of more than 2,600 international agreements and helps protect investors from arbitrary government action.<sup>[2]</sup>

The 39<sup>th</sup> session of UNCITRAL, held in Vienna, discussed several aspects of the mechanism, including the use of the ISDS to circumvent laws and regulations that may harm investors but is intended to benefit the citizens of the host country (e.g., bans on smoking, environmental regulations or other burdens placed on private enterprise to prove they are a positive force as opposed to a merely profit-seeking entity).

According to an article<sup>[3]</sup> in *The Economist*, the use of the ISDS protocols to stifle or prevent carbon emissions caps has brought the issue to the fore:

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