

Public address by Flemish Minister-President Geert BOURGEOIS

New Year's reception, Diplomatic Corps

Brussels, 31 January 2019 ¹

Excellencies,
Honoured guests,

It is a great pleasure to see you here today to celebrate the start of the new year. First and foremost, please allow me to wish you and your loved ones a prosperous and healthy 2019, filled with happiness. May the new year bring you all the good things in life that no amount of money can buy.

In 2018, Flanders celebrated a quarter of a century of Flemish foreign policy. It was an excellent opportunity to look back on our past achievements and to reflect on the future of our foreign policy. In this respect, we will continue to broaden our foreign network, as a new General Representation will open in Rome in February and a new post of Flanders Investment and Trade will open in Nigeria later this year.

We are also set to continue our cooperation with our three partner countries - South Africa, Mozambique and Malawi - through country-specific strategy papers, and with a theme-specific focus on:

- climate change,
- health
- and agriculture.

Recently, the OECD and the European Commission published a report on decentralised development cooperation which expressed appreciation for Flanders' geographical and thematic approach of its development cooperation.

At a global level, the past year stood out by significant shifts in the geopolitical landscape. Established values were challenged, causing concern and caution. Despite relatively positive international and European trends in commerce and trade there was a lot of geopolitical uncertainty due to increasing protectionism.

¹ Check against delivery

As the most globalised nation worldwide and the fifteenth largest exporter and importer worldwide, Flanders is very dependent on international trade, which also makes us vulnerable. As I said at the World Economic Forum in Davos earlier this month, globalisation 4.0 requires more free and fair global trade and for Flanders, an EU that protects without protectionism.

This compels us to look for new trading partners and to seek out opportunities such as new free trade agreements. We have pushed hard to get CETA signed at EU level and to get it ratified at Flemish level.

We welcome the agreement with Japan and hopefully the speedy ratification of trade deals with Singapore, Vietnam, Mexico and Mercosur will follow quickly. Also, the EU-China Investment Agreement is more than important enough to mention in this context.

Finally, I would like to particularly emphasise the importance of a new - albeit limited in scope - trade agreement with the United States of America. The EU and the US – the two largest free market economies in the world – need to find a way of joining forces, and in doing so, to establish – in unison with their partners - standards for the world.

Flanders clearly supports the EU International Trade and Investment Policy. The message is key. In times of rising protectionism and hick-ups in global stock markets, resulting in mounting concerns over the future of global economic growth, the EU has to lead the way. That way is further global economic integration based on free and fair trade and on rules that increasingly look at sustainability, the support of core labour conventions and the protection of a level playing field.

We therefore welcome the initiative to screen foreign direct investments. In addition to this Pan-European Screening Framework, Flanders itself has tweaked its own administrative decree to better protect its investments where its public interests in strategic sectors are at stake.

Excellencies,

Touching on investments and a level playing field, I would like to share with you my concerns regarding the way the EU Member States have taken up the work to terminate the intra-EU Bilateral Investment Treaties in light of the European Court of Justice's ruling in the Achmea case. The outcome of this case has created legal uncertainty and there is no longer any doubt that the logical implication of this ruling will inevitably mean the elimination of international arbitration proceedings to settle disputes between EU investors and EU Member States.

The easiest way to do this is to get rid of all intra-EU Bilateral Investment Treaties altogether. If this is in effect a matter that concerns the internal market, all EU Member States should unanimously agree on the way forward. It is the only way to ensure a level playing field.

It therefore saddens me to find that not one but two political declarations were put forward and that not only certain Member States, but the European Commission itself did not pursue the search for consensus between EU Member States with greater ardour and commitment. Furthermore, any such political statement comes too late to be of any added value. What counts is the international agreement EU Member States urgently need to start negotiating.

I would like to seize the occasion to clearly spell out what Flanders wishes to achieve in these negotiations, with a view to putting in place a multilateral agreement to terminate all intra-EU BITs.

- First, legal certainty for all current and potential future arbitration cases.

This can only be achieved if there is consensus between all EU Member States. I therefore strongly champion the cause of a multilateral agreement in which all EU Member States are involved. No one can be left out.

- Second, a level playing field.

Regardless of the identity of the investor and regardless of whether we are dealing with an EU or non-EU investor, a level playing field is crucial, even more so after Brexit. If we are willing to set up legal instruments for the benefit of non-EU investors, such as the Investment Court System, we should not prevent EU investors from having access to similar legal instruments within the EU.

As such, I am calling for the establishment of a new Division within the Court of Justice of the European Union. This new Division - as is the case in many EU Member States when it comes to Labour Courts or Commercial Courts - would specialise in the settlement of investment disputes through a tailored procedure that enhances:

- accessibility,
- transparency
- and time management.

Esteemed guests,

The European Union faces other challenges too:

- such as security issues,
- the effects of climate change
- and the continuing disagreement on the management of migration.

Meanwhile, negotiations on the Multiannual Financial Framework are also ongoing. It is unclear how these matters will affect the outcome of the May 2019 European elections, and how they may shift the political balance within the next European Parliament.

Most likely, it will be the first European elections without the UK. For two and a half years now, Brexit has been one of the main concerns for the European Union and for Flanders. And this continues to be the case. Given the extensive impact Brexit will have on Flanders - with the UK as our fourth trading partner - a trade-friendly Brexit is top priority.

We understand but deplore the rejection of the Brexit deal in the British Parliament. This decision only protracts the uncertainty for our citizens and businesses. The risk of a chaotic 'no deal' Brexit has increased. A 'no deal' would rule out a transition period and would have an enormous socioeconomic impact, especially on citizens and businesses.

Given the current situation, and in line with our Brexit Action Plan, the Government of Flanders proposes specific measures. Amongst other things, these include:

- In the event the UK proposes to extend Article 50, an openness to do so;
- Intensified coordination of the European Commission regarding 'Preparedness';
- The temporary and flexible use of relevant EU state aid measures for companies affected by Brexit;
- The organisation of Brexit 'roadshows', in order to prepare Flemish companies and to raise their awareness of the Brexit 'Hotline';
- Making sure that our 1700 'Hotline' can also be consulted by citizens who have questions regarding Brexit;
- Increased 'Preparedness' measures of the Government of Flanders.
- Adjustment mechanisms in the Multiannual Financial Framework to support the regions and companies that are most affected by Brexit.

Furthermore, Flanders urges the European Union to consider a Brexit 'guarantee fund'. We ask Europe to stand shoulder to shoulder with the regions and Member States that are geographically and economically closest to the UK and that will, consequently, be hit hardest by a 'no deal' Brexit. To Flanders, this would mean the loss of 28,000 jobs and a 2.6% fall of its GDP.

Despite the cloudy Brexit sky, we must remain positive and focus on the future. In order to provide a response to current and new opportunities and challenges, Flanders established a long-term strategy, called 'Vision 2050'. This strategy aims to accelerate some of the essential societal transformations and will require radical innovations in the way we live, work and enjoy life. Innovation is both a source for and a possible key solution in tackling societal challenges.

The seven areas of transition that are given priority are:

- Circular economy
- Smart Living
- Industry 4.0
- Lifelong-learning and a dynamic professional career
- Care and living together in 2050
- Transport and mobility
- And lastly energy.

Amongst others through the domains of science, technology, education and research and development, Flanders represents its interests in various ways, always with a keen sense of its global interests.

In the area of higher education and research, Flanders ranks very highly at an international level. Flanders rightly prides itself in its strong educational system. Flanders is in the Top Ten in the latest PISA ranking, both in mathematics as in reading skills. In the World Economic Forum's Global Competitiveness Report 2016-2017 the region's educational system placed fourth, gaining one place compared to the year before. With third best worldwide for the quality of our primary education and an equal third place for maths and science education in particular.

In order to maintain and further strengthen this lofty quality level, a well-considered internationalisation strategy is needed to safeguard Flanders' position within a globalised knowledge society. As the result of the close collaboration between the private sector, the universities and the government - the so-called triple helix model - four strategic research centres are now operating in Flanders.

- IMEC (nanotechnology and ICT),
- VIB (biotechnology),
- VITO (cleantech)
- and Flanders Make (manufacturing industry)

are world class research centres in their field of expertise.

Leuven's IMEC is a good example of how research and development in a niche field can become a worldwide success story, as well as a hotspot for growth locally. IMEC, a spin-off of the University of Leuven, was founded in 1984 as a research centre for nanotechnology and nanoelectronics. Today, it is acting as a bridge between science and industry, having developed applications in healthcare, smart electronics, sustainable energy systems and transport. Since the merger with iMinds (ICT and broadband research) in 2016, IMEC employs 4,000 scientists from 85 countries. IMEC is now the mothership to numerous spin-offs and start-ups.

Many Flemish companies are actively involved in the Horizon 2020 programme, the European subsidy programme for research and innovation that runs from 2014 to 2020. The numerous foreign missions of the government with STI involvement (science, technology and innovation organisations) show the importance of science and technology in Flanders' foreign policy. In the future, Flanders will continue focussing on and investing in these ever important domains.

Flanders is paving a growth path for its research and development industry, set to reach 3% of its GDP in 2020. This year will see us invest an extra 280 million euros in innovation, research and development. Flanders is on the right track. Our R&D intensity in 2016 stood at 2.7%, well above the EU average figure of 2.07%.

Excellencies,
Ladies and gentlemen,

Thank you very much for being here today. Let us welcome 2019 with openness and the willingness to continue to build on the existing international cooperation as we have done in the past.

With this thought in mind, I would like to conclude by proposing a toast.