


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1995/2033(COS)	Procedure completed
A level playing field for direct investment world-wide		
Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 6.20.01 Agreements and relations in the context of the World Trade Organization (WTO)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	RELA External Economic Relations		11/04/1995
		PSE RANDZIO-PLATH Christa	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy		24/05/1995
	PPE VAN VELZEN W.G.		
	ENER Research, Technological Development and Energy	The committee decided not to give an opinion.	
	JURI Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	
	DEVE Development and Cooperation		
Council of the European Union	Council configuration	Meeting	Date
	General Affairs	1830	06/03/1995

Key events			
01/03/1995	Non-legislative basic document published	COM(1995)0042	Summary
06/03/1995	Debate in Council	1830	
07/04/1995	Committee referral announced in Parliament		
31/10/1995	Vote in committee		Summary
31/10/1995	Committee report tabled for plenary	A4-0276/1995	
12/12/1995	Debate in Parliament		
14/12/1995	Decision by Parliament	T4-0620/1995	Summary
14/12/1995	End of procedure in Parliament		

Technical information	
Procedure reference	1995/2033(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	RELA/4/06451

Documentation gateway					
Non-legislative basic document		COM(1995)0042	01/03/1995	EC	Summary
Committee report tabled for plenary, single reading		A4-0276/1995 OJ C 323 04.12.1995, p. 0005	31/10/1995	EP	
Text adopted by Parliament, single reading		T4-0620/1995 OJ C 017 22.01.1996, p. 0137-0175	14/12/1995	EP	Summary

A level playing field for direct investment world-wide

This Commission communication deals with direct investment worldwide, a potential subject for the World Trade Organisation and a subject on which a ministerial decision was taken at the OECD in May 1995. This is an important issue because direct investment worldwide is now a fundamental element in complex corporate investment and production strategies. The creation of a truly global system of markets and production has been accompanied by cumulative growth of 11% over recent years. Annual direct investment flows worldwide have risen from USD 60 billion in the mid-1980s to USD 140 billion in 1993. The United States, the Community and Japan are the most important sources of direct investment worldwide (in that order), although non-OECD members are playing an increasingly important role. Europe should ensure that it is in a position to make the most of the global trend towards the liberalisation of direct investment worldwide. However, if they are to make the most of their head start, European companies need to be able to rely on a solid international regulatory framework for direct investment which enshrines the right to invest and ensures that direct investments are treated fairly once they have been effected in the host country. The Commission therefore suggests that the Council adopt a number of conclusions, viz. that it: - recognise that it is in the Community's and the Member States' vital interest to lobby for the introduction of transparent, coherent and liberal multilateral rules for direct investment worldwide and to pursue Community integration at the same time; - recognise the important role of direct investment worldwide in restructuring central and eastern European economies and to the economic progress of developing countries; - set itself the objective of ensuring that international rules applicable to direct investment worldwide guarantee freedom of entry and establishment for foreign investors and investments and the full benefit of national treatment and high investment protection standards for investments; - call for negotiations to be instituted on international rules for direct investment worldwide and for the results to be incorporated into the WTO system; - call on the OECD to continue in its endeavour to draw up a multilateral investment agreement; - insist that the WTO open talks quickly with a view to preparing formal negotiations, also to be opened quickly; - call on the Commission to analyse other problems relating to Community investments from and to other countries and to present proposals where applicable; - encourage European enterprises to contribute to the debate on direct investment worldwide; - step up work within the Community to define common positions on direct investment worldwide; - guarantee that the positions adopted by the Community and its Member States on direct investment worldwide are coordinated, with a view to creating the united front needed in discussions at the OECD and the WTO.?

A level playing field for direct investment world-wide

The committee adopted the report by Mrs Christa RANDZIO-PLATH (PSE, D) on a level playing field for direct investment worldwide. The report emphasized the need to provide multinational enterprises with a harmonized legal framework for their investment decisions. The Committee on External Economic Relations therefore welcomed the initiative taken by the Commission to work, at the level of the WTO, for the negotiation of a multilateral direct-investment agreement and called on the Council to give the Commission a negotiating mandate to this end without delay. The Committee on External Economic Relations called for environmental protection to be taken into account in the multilateral trading system and called on the Member States of the WTO to start discussions on minimum social standards in order to neutralize any social distortions caused by further liberalization of direct investment. The report also recommended harmonization in the field of competition policy. The report made provision for variable deadlines for the implementation of obligations, so that developing countries could accede to the multilateral agreement. The Committee on External Economic Relations considered that non-member countries of the OECD should be included in negotiations on the multilateral agreement, given the increase in investment flows in South-East Asia, Latin America and the CEECs.?

A level playing field for direct investment world-wide

In adopting the report by Mrs RANDZIO-PLATH (PSE, D), the European Parliament welcomed the initiative taken by the Commission to work, at the level of the WTO, for the negotiation of a multilateral direct-investment agreement and called on the Council to give the Commission a negotiating mandate to this end. It emphasized the need to provide multinational enterprises with a harmonized legal framework for their investment decisions, without affecting the conditions of competition. According to Parliament, such a harmonization could contribute to a better use of economic resources, job growth and a strengthening of economic growth, including the developing countries. This large-scale liberalization of investment flows meant that social protection and the environment had to be taken into account in the multilateral trading system. In order to prevent the major multinational enterprises from creating market-dominating positions and forming international cartel agreements, Parliament also called for harmonization in the field of competition policy. Furthermore, the European Parliament emphasized the importance of protecting intellectual property, notably through compliance with the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). Negotiations on this multilateral agreement should take place in the framework of the World Trade Organization. The basic components of this agreement would be as follows: - granting of most-favoured nation treatment, - granting of national treatment (the host country undertakes not to discriminate between national and foreign investment), - obligation to adopt provisions guaranteeing the free transfer of profit and capital and ensuring protection against any illegal expropriation, - adoption of provisions providing for the mobility of workers for a limited period, for the purposes of implementing foreign investment and running plants located abroad, - introduction of an effective procedure for settling disputes. ?