A level playing field for direct investment world-wide

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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.