A level playing field for direct investment world-wide

1995/2033(COS) - 14/12/1995 - Text adopted by Parliament, single reading

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.