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**NOTE D'INFORMATION  
NOTA D'INFORMAZIONE  
TER DOCUMENTIE**

Brussels, April 1980

INVESTMENT PROMOTION AND PROTECTION IN THE DEVELOPING COUNTRIES

The Commission has been endeavouring for a number of years to engage the Community in an active investment promotion and protection policy in the developing countries. In a communication to the Council, adopted at its meeting yesterday, the Commission took stock of the progress made in this respect and indicated the guidelines which it considered appropriate for the continuation of these activities.

1. Achievements to date

In 1978 the Commission<sup>2</sup> put before the Council general proposals setting out two types of action:

- i. the negotiation of agreements (or of provisions in cooperation agreements) on basic rules relating to the treatment of investments;
- ii. case-by-case measures aimed at concluding specific agreements on a given capital project - these agreements could be supplemented, where appropriate, by the granting of a Community financial guarantee.

Progress has since been made in the context of several sets of negotiations:

- the Euro-Arab Dialogue; in which a draft convention on the promotion and protection of investments is ready and could be approved without much difficulty if the Dialogue were resumed;
- Lomé II, which includes provisions stipulating that there should be no discrimination between investment operations on the basis of the Member State involved and also includes the possibility of concluding specific investment protection agreements in the mining and energy spheres;
- the cooperation agreement with ASEAN, which lays down that the parties should encourage investment promotion and protection agreements, with the aim of non-discrimination;
- the agreement with Yugoslavia, which stipulates that the parties should, in their mutual interest, conclude reciprocal investment promotion and protection agreements;
- lastly, the agreement recently concluded with Brazil contains a general clause which opens up the possibility of examining appropriate measures for encouraging the expansion of investments.

<sup>1</sup> COM(80)204

<sup>2</sup> COM(78)23, see P-6 of January 1978

## 2. The prospects

The results obtained to date therefore comprise formulas which vary from one Community partner to another, although the objective is the same and the overall aim is to step up industrial cooperation.

Further Community action in this sphere will take place on two levels:

- the forthcoming negotiations with other developing countries or groups of developing countries, in which the Community can usefully draw on past experience, taking as a basis the various formulas adopted hitherto or exploring new avenues which seem better suited to each partner's own situation;
- the practical implementation of the provisions laid down in the existing agreements.

### Forthcoming negotiations:

Investment promotion should be one of the major objectives of the agreement to be negotiated by the Community with the Andean Group, whose members are major raw materials producers but have seen little European investment activity.

An appropriate cooperation formula should also be sought with a view to strengthening relations between the Community and India.

The Arab countries, including the Gulf, Maghreb and Mashreq countries, would be covered by the projected Euro-Arab convention. If this were not adopted, solutions could be sought via existing or future bilateral agreements.

This subject could also be dealt with under the existing cooperation arrangements with Israel.