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REPORT

on the attractiveness of investing in Europe (2011/2288(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Rodi Kratsa-Tsagaropoulou

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the attractiveness of investing in Europe

(2011/2288(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union, and in particular Articles 3, 4, 49, 50, 119, 219 and 282 thereof,
- having regard to the proposal for a Council Directive on a Common Consolidated Corporate Tax Base (COM(2011)0121),
- having regard to the OECD Declaration on International Investment and Multinational Enterprises and Guidelines for Multinational Enterprises (update of 25 May 2011),
- having regard to the Monti report, 'A new Strategy for the Single Market', published on 9 May 2010,
- having regard to the UNCTAD 2011 Report on World Investments,
- having regard to the Commission Communication entitled 'Towards a comprehensive European international investment policy' (COM(2010)0343),
- having regard to the Commission Work Programme 2012 (COM(2011)0777),
- having regard to the conclusions of the 3133rd Council meeting on the Single Market Forum,
- having regard to Regulation (EU) No 1173/2011 of the European Parliament and of the Council on the effective enforcement of budgetary surveillance in the euro area¹,
- having regard to Regulation (EU) No 1174/2011 of the European Parliament and of the Council on enforcement measures to correct excessive macroeconomic imbalances in the euro area²,
- having regard to Regulation (EU) No 1175/2011 of the European Parliament and of the Council on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies³,
- having regard to Regulation (EU) No 1176/2011 of the European Parliament and of the Council on the prevention and correction of macroeconomic imbalances⁴,
- having regard to Council Regulation (EU) No 1177/2011 on speeding up and clarifying

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¹ OJ L 306, 23.11.2011, p. 1.

² OJ L 306, 23.11.2011, p. 8.

³ OJ L 306, 23.11.2011, p. 12.

⁴ OJ L 306, 23.11.2011, p. 25.

the implementation of the excessive deficit procedure¹,

- having regard to Regulation (EU) No 1311/2011 of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability²,
- having regard to Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States³,
- having regard to the proposal for a Regulation of the European Parliament and of the Council on European Venture Capital Funds (COM(2011)0860),
- having regard to the proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate (COM(2011)0453),
- having regard to the Commission Communication entitled 'Annual Growth Survey 2012' (COM(2011)0815),
- having regard to the Commission Communication entitled 'Single Market Act Twelve levers to boost growth and strengthen confidence – Working together to create new growth' (COM(2011)0206),
- having regard to the Commission Communication on a strategy for smart, sustainable and inclusive growth (COM(2010)2020),
- having regard to the Commission Communication on an action plan to improve access to finance for SMEs (COM(2011)0870),
- having regard to the Commission's Trade and Investment Barriers Report 2011 to the European Council (COM(2011)0114),
- having regard to its resolution of 13 December 2011 on trade and investment barriers 4
- having regard to the proposal for a Council Directive on a common system of financial transaction tax and amending Directive 2008/7/EC (COM(2011)0594),
- having regard to the Commission Communication on the feasibility of introducing Stability Bonds (COM(2011)0818),
- having regard to the Communication from the Commission to the European Parliament,

¹ OJ L 306, 23.11.2011, p. 33.

² OJ L 337, 20.12.2011, p. 5.

³ OJ L 306, 23.11.2011, p. 41.

⁴ Text adopted P7 TA-PROV(2011)0565

- the Council, the European Economic and Social Committee and the Committee of the Regions on a budget for Europe 2020 (COM(2011)0500, Parts I and II),
- having regard to the Commission Staff Working Paper on the effects of temporary state aid rules adopted in the context of the financial and economic crisis (SEC(2011)1126),
- having regard to the 'Labour Market Developments in Europe, 2011' report by the Commission's Directorate-General for Economic and Financial Affairs,
- having regard to the OECD-WTO-UNCTAD reports on G20 trade and investment measures (mid-October 2010 to April 2011),
- having regard to the European Central Bank's euro area bank lending survey for January 2012,
- having regard to the European Central Bank's macroeconomic projections for the euro area (December 2011),
- having regard to the European Central Bank report on financial integration in Europe (May 2011),
- having regard to the OECD Policy Framework for Investment (PFI),
- having regard to the Proposal for a Regulation of the European Parliament and of the Council establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (2014 - 2020) (COM (2011)0834),
- having regard to its resolution of 19 April 2012 on the proposal for a Council Directive on a Common Consolidated Corporate Tax Base (CCCTB)¹,
- having regard to the Commission report 'Business Dynamics: Start-ups, Business Transfers and Bankruptcy' (January 2011),
- having regard to the World Bank Report 'Doing Business 2012: Doing Business in a More Transparent World',
- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'Erasmus for All: the EU Programme for Education, Training, Youth and Sport' (COM (2011)0787),
- having regard to the Commission report entitled 'Interim evaluation of the Erasmus for Young Entrepreneurs Pilot project / Preparatory action (2011)',
- having regard to the proposal for a Directive of the European Parliament and of the Council on public procurement (COM(2011)0896),
- having regard to Rule 48 of its Rules of Procedure,

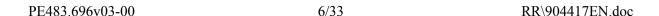
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¹ Texts adopted, P7 TA(2012)0135.

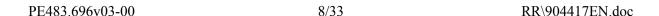
- having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Industry, Research and Energy and the Committee on Regional Development (A7-0190/2012),
- A. whereas the economic, financial and fiscal crisis in the EU has significantly broadened economic and social disparities among Member States and regions, resulting in an uneven distribution of inward and outward investment across the European Union;
- B. whereas it is necessary to establish a consistent framework of stability within monetary and fiscal and trade policy, in order to facilitate the flow of direct investment in all Member States and EU regions, thereby contributing to correcting the EU's macroeconomic imbalances;
- C. whereas the informal meeting of the members of the European Council on 23 May 2012 has highlighted the need to mobilise EU policies to fully support growth, step up efforts to finance the economy through investment and strengthen job-creation;
- D. whereas, according to the latest Commission Interim Forecast, the EU suffers from weak growth and expected growth rates will significantly differ across the Union, undermined by continued uncertainty and lack of consumer and market confidence;
- E. whereas the Union should further exploit its strengths, such as the high standard of consumption, education and quality of life, its research and innovation capacity, high labour efficiency and productivity as well as a friendly and motivational business environment in order to tackle the fiscal crisis and enhance growth and employment;
- F. whereas the financing of the Member States' public debt has the effect of absorbing resources for investment, growth and employment, while capital flight from certain Member States to certain other Member States as well as to certain third countries may contribute to a worsening of the EU balance of payments situation;
- G. whereas bank lending as the most important source of finance in the euro area, accounting for more than equity and bond finance put together, while in the USA and other regions of the world bank credit accounts for a smaller percentage of total finance has been strongly affected by the recent developments;
- H. whereas the growth potential provided by sectors such as green technologies, health and care, education and social economy can ignite and drive investment through increasing mutual demand, thereby boosting investment;
- I. whereas there is need to monitor and review the impact and implementation of EU financial regulations to ensure that it is not creating unnecessary administrative burdens and stifling foreign direct investment in the EU;
- J. whereas the latest UNCTAD report shows that the EU still has a strong capacity for attracting foreign direct investment;
- K. whereas internal investment within the Union can significantly expand the markets for foreign direct investment through improvements in sustainable infrastructure for business,





- education, research and development;
- L. whereas investment consists of two pillars public investment and private investment and whereas the private pillar is composed of domestic and foreign investment;
- M. whereas combating over-dependency on imports of oil, gas and other non-renewable resources requires major investment in renewable energy, energy and resource efficiency;
- N. whereas the European sovereign debt and roll-over risks, as well as deficiencies and barriers to trade and to the completion of the internal market, including non-tariff barriers and data restrictions, may limit the EU region's ability to attract both European and international investors;
- O. whereas, in terms of competitiveness and entrepreneurship, the main challenges that Union enterprises continue to face are difficulties in accessing finance for SMEs; weak entrepreneurial spirit (only 45 % of European citizens would like to be self-employed compared, for example, to 55 % in the United States); a business environment not conducive to start-ups and growth, characterised by persistent regulatory fragmentation and red tape; limited capacity of SMEs to adapt to an energy- and resource-efficient economy and to expand to markets beyond their home country, both within the Single Market and beyond;
- P. whereas, according to the latest World Bank 'Doing Business' index, EU Member States represent only 40 % (and euro area members just 26 %) of the top 35 countries in terms of entrepreneurship at global level;
- Q. whereas, as shown in the Commission's Alert Mechanism Report (COM (2012)0068), national budget constraints and high unemployment rates highlight the need, especially with regard to current account balances, export market shares and private and public debt, to introduce effective structural reforms in order to improve the business environment, while cutting red tape and optimising the added value of the Structural Funds and the European Investment Bank's activities, including in the countries benefiting from the European Neighbourhood Policy;
- R. whereas well-targeted social investments are crucial to securing a high employment level in the long run, stabilising the economy, enhancing human capital and raising the competitiveness of the EU;
- S. whereas foreign direct investment trends are one of the key indicators used by the Commission in the scoreboard for the surveillance of macroeconomic imbalances;
- T. whereas studies conducted by UNEP and the ILO reveal that investment in human capital formation is crucial to attracting investment in green economic sectors and exploiting their high growth potential;
- U. whereas the flow of foreign direct investment in the EU, particularly if directed in such a way as to reduce the disparities between Member States, has positive effects on the real economy and the balance of payments, competitiveness, employment and social cohesion, but also acts as a positive stimulus as regards technological development, innovation,

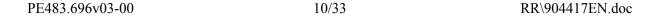
- skills and labour force mobility;
- V. whereas the definition of annual national sub-targets covering areas that underpin an attractive and competitive environment for international investors, in line with OECD parameters, will help to highlight national weaknesses and strengths as well as opportunities for targeted interventions;
- W. whereas the euro-area and ECB objective of maintaining an inflation rate of just under 2 % in the euro area contributes to establishing a framework of stability conducive to attracting investment;
- X. whereas the development of the European bond markets is to a large extent dependent on the broadening of the investment base;
- Y. whereas, in its proposal on a common consolidated corporate tax base (CCCTB), the Commission did not extend harmonisation to corporate tax rates, which are intended to remain within the competence of the Member States, and whereas further steps are required to make the tax system in the Union more transparent and less complex for foreign investors while simultaneously coordinating tax systems throughout Europe;
- Z. whereas trade protectionism is gaining ground world wide, therefore the EU, as the market leader in inward foreign investments, should continue the negotiations towards Free Trade Agreements promoting open and fair trade as well as international standards in the area of social and environmental protection when protecting its competitive trade advantages;
- AA. whereas in the European Union there still remain significant obstacles to providing cross-border services, which impedes the functioning of the free market;
- AB. whereas, in accordance with the EU Treaties, common commercial policy, including foreign direct investments, falls under the exclusive competence of the EU, and whereas in this field, the European Parliament and the Council operate on an equal footing, since the ordinary legislative procedure is applied;
- 1. Stresses that the EU still represents the first worldwide destination of foreign direct investment (FDI) and should as such continue meeting the expectations of investor and beneficiary states while complying with the EU's broader economic, social and environmental policy objectives, thus protecting its leading role at European and national level;
- 2. Believes that cohesion policy is key to addressing macroeconomic and regional imbalances at EU level and should be a key internal market policy for enhancing competitiveness, productivity, growth and job creation, which in turn has the potential to increase the attractiveness of investing in the EU; stresses that, through cohesion policy investment in infrastructure and labour-market skills, the attractiveness for prospective investors can be significantly increased;
- 3. Urges the Commission to improve international regulatory cooperation, including in multilateral fora, and the convergence of regulatory requirements on the basis of international standards and, where possible, to engage in regulatory dialogue to address





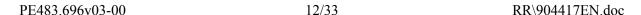
- existing or potential future barriers to trade with a view to limiting disputes and associated trade costs;
- 4. Considers that fiscal consolidation and stabilisation and the completion of the internal market should be carried out, ensuring an assessment of the added value that they can offer; believes that strong cooperation among economic bodies, as well as more complementarities between EU economies, should help reduce the regional disparities in foreign direct investment in order to strengthen the European industrial base and promote sustainable long-term economic development, the latter being the crucial precondition for successful and effective fiscal consolidation;
- 5. Stresses that it is crucial to maintain strategic European investors' interest in conducting their activities within the EU, bearing in mind that, in conjunction with the broader global financial and economic crisis, the negative feelings and uncertainty created by the debt crisis and a lack of quick responses lead investors to reduce their current exposure to the region; emphasises that a lack of co-ordinated long term domestic investment will significantly damage the future attractiveness of investing in the EU to such investors; recognises that a multi-level approach to governance, with local community involvement at appropriate stages, is essential to ensuring that investment is targeted towards addressing the specific needs of each region and each Member State;
- 6. Calls on the Commission to draw up a communication on the attractiveness of investing in Europe as opposed to its main partners and competitors, identifying the main advantages and weaknesses of the EU as an investment environment, and to put forward an integrated strategy including specific policies and recommendations, as well as legislative proposals if appropriate, to improve the EU's investment environment;
- 7. Believes that the EU should fully exploit its position as the world's largest single common market (including its high standard of living, high labour productivity, legal certainty and research and innovation capacity), foreign investor and trader in tackling the fiscal crisis, and highlights the need for more efficient tools and methods and new funding mechanisms and investment schemes, such as EU project bonds, which could exploit Europe's competitive advantages and the complementarities between its Member States and achieve the goals of the Europe 2020 growth strategy, in order to combat the recession and the challenge of slow growth;
- 8. Urges the EU to introduce investment as a key element of all flagship initiatives within the Europe 2020 Strategy, in order to meet the critical need for growth and employment and make use of their major contribution towards tackling the fiscal crisis; in particular, calls on the Commission and on the Member States to develop an ambitious, eco-efficient and sustainable EU industrial strategy in order to revitalise manufacturing capacity across the EU and generate high quality jobs within the EU;
- 9. Stresses in particular the enormous potential for attracting foreign direct investment by promoting education, research and development and job creation in the areas of reducing greenhouse gas emissions, developing renewable energy sources and increasing energy efficiency in order to meet the 2020 targets and make the EU a world leader in green technology;

- 10. Recalls that not increasing through sustainable funding or even reducing public investment, due to the fiscal crisis, in crucial sectors such as health, education, research and infrastructures could adversely affect competitiveness and attractiveness to investors, especially if this becomes a long-term pattern; for this reason there is a need to sustainably increase public investment;
- 11. Supports the newly proposed 'Erasmus for All' programme that can significantly increase the funds allocated for mobility and the development of knowledge, training and skills, in order to boost young people's personal development and job prospects and thus contribute to enhancing human potential and address the problem of high youth unemployment in Europe; supports 'Erasmus for Enterprises' and in particular the exchange programme 'Erasmus for Young Entrepreneurs', which will encourage start-ups, cross-border transfers of knowledge, cooperation between small firms, innovation and job creation;
- 12. Proposes improving and broadening the statistical database for direct investment, in accordance with the international models of the OECD and the World Bank, and the adoption of supplementary investment targets and indicators at national level (urban environment, social infrastructure), so as to highlight the progress that is being made towards an attractive investment environment, while at the same time evaluating the investment policies and their positive effects on the real economy and employment in the various countries and regions;
- 13. Believes that any strategy aimed at attracting foreign and local investment should be linked to completion of the internal market, cross-border investment and flows, open markets, improved market access and fair competition for liberal professions, given the number and variety of new opportunities; believes, in this regard, that the EU should promote the Trans-European Networks and worker, student and researcher mobility and reinforce cooperation and complementarities between EU economies;
- 14. Stresses the urgent need to reduce tax barriers for cross-border workers and employers to facilitate citizens' mobility and promote cross-border investment;
- 15. Calls on the EU to negotiate at global level and in the framework of the WTO, G20 and G8, the establishment of common rules that ensure fair competition and a level playing field in the face of international macroeconomic imbalances relating to financial regulation and taxation in order to protect the EU's competitiveness and ensure respect of the social and environmental objectives of the Union; calls on the Union to be decisive in negotiating and concluding comprehensive free trade agreements (FTAs) with major partners as a key to opening new markets for goods and services, increasing investment opportunities, facilitating open and fair trade and promoting a more predictable policy environment; stresses the importance of advancing negotiations on a financial transaction tax at global level;
- 16. Is of the opinion that the creation of an ad hoc European Observatory for foreign direct investments, established within the European Commission, could contribute to reinforcing the coordination of Member States' policies in this field and, at the same time, provide better monitoring of the policies undertaken, including their macroeconomic effects, in order to promote Europe as an investment destination;



- 17. Calls on the Commission to step up coordination of Member States' economic, tax and social policies with a view to attracting foreign investment, while taking into account the economic and social divergences observed between euro-area members and between EU Member States:
- 18. Considers that the EU and the Member States should take action notably to enhance the use of the Structural Funds and the Cohesion Fund as a catalyst for attracting additional funding from the EIB, EBRD, other international financial institutions and the private sector, while encouraging initiatives based on public-private partnerships (PPP), such as EU Project Bonds; notes that SMEs can particularly benefit from investments that strengthen capacities, infrastructure and human capital; recognises the potential of extending the scope of innovative financial instruments so that they are used to greater effect as access to finance to complement traditional financing methods; stresses that the revolving nature of financial instruments and a flexible approach to integrating such instruments at regional level could achieve a multiplying effect of the EU budget, foster public-private partnerships, open up alternative sources of finance and provide an important new financing stream for strategic investments, supporting long-term, sustainable investments at a time of fiscal constraint;
- 19. Welcomes the ECB's longer-term refinancing operations (LTRO); calls on the ECB to further act in a decisive way in addressing the current euro-area debt crisis by maintaining price stability while at the same time minimising negative spill-over effects on the real economy and the investments that the banking sector's liquidity problems might generate; believes that the banking sector must take the necessary steps to address its structural weaknesses with regard to longer-term liquidity risks in order to restore investor confidence and therefore to avoid the need for the ECB to intervene so massively in future; considers that the bank's operational framework should be shaped in such a way that a proportion of the grants would be made available for development purposes and to support small and medium-sized enterprises;
- 20. Believes that the forthcoming reform of the Capital Requirements Directive should ensure that increasing capital reserves to promote the long-term stability of the banking sector does not prevent banks from injecting liquidity into the real economy, which is vital for investment;
- 21. Stresses the need for deepening European capital markets in order to ensure access to financing from sources other than banks;
- 22. Notes the Commission's new proposals to improve the regulation of the credit rating agency market, in particular the amendment of Regulation (EC) No 1060/2009 on credit rating agencies and the coordination of laws, regulations and administrative provisions relating to undertakings of collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of the excessive reliance on credit ratings, and underlines the need for further steps to be taken to ensure a healthy business environment and fair competition;
- 23. Calls on the Commission to evaluate the many remaining obstacles that impede the provision and receipt of cross-border services in individual Member States;

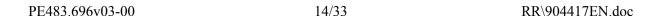
- 24. Notes the importance of the Commission's proposals to modernise the European public procurement market; stresses that a dynamic pan-European procurement market can provide important business opportunities for European companies and can significantly contribute to stimulating competitive European industry, as well as attracting investment and promoting economic growth;
- 25. Expresses concern at the trend for euro-area institutional investors to move out of euro-area equities and into equities issued elsewhere in the world, in view of (i) their growing role in the euro-area financial sector and (ii) the decline of investment funds' total holdings of shares and other equity issued by euro-area residents from 26 % in 2009 to 23 % during 2010;
- 26. Stresses the role of sovereign wealth funds from third countries and stresses the importance of strengthening the principles of transparency and accountability in order to promote synergies between the EU and sovereign wealth funds;
- 27. Calls on the Commission and the Member States to encourage institutional investors to participate in European venture capital funds and European social entrepreneurship funds and to eliminate restrictions on the supply of venture capital funding in small and medium-sized enterprises;
- 28. Believes that cross-border entrepreneurship offers significant benefits both for EU regions by contributing to their economic development and for individual enterprises by offering them opportunities to access new and larger markets and sources of supply, as well as capital, labour and technology;
- 29. Expresses concern about the high youth unemployment figures observed in a number of Member States and the negative employment prospects; notes with concern the European Union's limited ability to attract high-quality human capital while there are significant human capital flows towards third world countries; recognises that the European Union holds vast potential in terms of high-quality human capital and calls on the Commission and the Member States to step up action in order to tackle youth unemployment through programmes and concrete action at European and national level; welcomes in this regard the statement of the European Council calling on the Member States to introduce national schemes akin to the Youth Guarantee and urges the Member States to back up this plea with swift and concrete action at national level so as to ensure that young people are either in a decent job, education or (re-) training; considers that the European Union should step up its efforts to achieve the employment objectives of the EU 2020 strategy for smart, sustainable and inclusive growth, including reduced taxes on labour aimed at attracting more investment in the labour-intensive sectors of the economy;
- 30. Points to the challenge faced by the Union as a whole and by individual Member States with respect to an ageing population; urges the Member States to develop consistent strategies that deal with the demographic challenge, offsetting potential negative implications;
- 31. Supports the objectives of the Innovation Union; calls on Member States to target investment in education, research and innovation, given the medium- and long-term positive effects it can have on growth and development; supports smart specialisation as





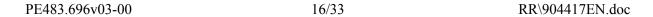
- an important policy principle and a concept for innovation policy and stronger links between research and entrepreneurship in areas such as green technology;
- 32. Stresses that the fight against tax evasion should be a top priority for the European Union, especially in the current crisis situation, where tax evasion represents a major loss for national budgets and extra revenues could be used to increase public investment; points out the need to ensure smooth cooperation and coordination between the Commission and the Member States to fight against double taxation, double non-taxation, tax fraud, tax evasion and dumping, and the use of tax havens for illicit purposes; more generally, calls for greater fiscal coordination on both the revenue and expenditure sides, including smooth cooperation and coordination between Member States' tax systems, also for a reduction in the heavy administrative burdens and high tax compliance costs that European businesses are facing and which create disincentives for investment in the European Union; welcomes Parliament's legislative resolution on a common consolidated corporate tax base (CCCTB) while looking forward to the directive's adoption by the Council;;
- 33. Points out that difficulties in accessing finance remain one of the top concerns for SMEs; is particularly worried about the fact that healthy companies cannot acquire the funding they plan for; calls on the Commission and the Member States swiftly to implement actions and regulatory measures to facilitate funding for SMEs, as proposed in the EU Action Plan to improve access to finance for SMEs; stresses that growth at local levels is often sustained by SMEs and social enterprises and cohesion policy funding delivered through a strong multi-level governance approach can ensure that SMEs and social enterprises fulfil their potential and continue to make a valuable contribution to EU competitiveness;
- 34. Emphasises the need for a comprehensive review of the economic impact of EU financial regulation to ensure that implementation is proportionate and does not stifle investment;
- 35. Welcomes the Programme for the Competitiveness of Enterprises and SMEs (COSME) proposed by the Commission for the period 2014-2020 as a means to encourage an entrepreneurial culture and promote start-ups of SMEs mainly in new sectors such as social media services, the green economy and tourism;
- 36. Calls for new, efficient bankruptcy laws, including early warning tools, in order to encourage a second-chance policy designed to foster entrepreneurship and business restarts, given that Second Chance is not adequately recognised by national legislations; stresses the importance of increased networking among entrepreneurs and re-starters in order to promote Second Chance as well as the need to address difficulties in financing restarters;
- 37. Calls on the Union to fully exploit investment opportunities in the EU and beyond that arise from the European Neighbourhood Policy and macro-regional strategies;
- 38. Calls on the Commission to include all relevant indicators for measuring macroeconomic imbalances and their effects on the EU's regions in the scoreboard;
- 39. Recalls that it is important to further develop partnerships targeted at environmental

- sectors, which are attracting increasing interest from investors, taking into account EU resources and capacity;
- 40. Welcomes the fact that in 2011 the number of companies looking to invest in the EU rose by 5 %; regrets, however, that the average number of new jobs created per investment project has remained flat;
- 41. Calls on the Commission and the Member States to apply the European eGovernment Action Plan, through which they can provide eGovernment services including to companies more efficiently and at a lower cost, at both local and cross-border level;
- 42. Insists on the need, in order to attract more investment, for the EU and its Member States to:
- a) take advantage of the EU's historical heritage by fostering the cultural industries, sports and tourism as growing and attractive markets;
- b) foster the trans-Atlantic economy as our current main commercial, trade and foreign direct investment partner, taking greater advantage of skilled-job flows across the two continents and building on the potential for strengthening the innovation economy;
- 43. Welcomes the Commission's proposal for a programme focusing on the competitiveness of businesses and SMEs; welcomes the recent increases in venture and angel capital in many Member States but reiterates that the EU should further simplify regulations and access to finance for SMEs and other economic players by encouraging effective venture capital and angel capital systems across the EU and enhancing the role of private and public equity investments in financing long-term corporate growth; calls on the Commission to cooperate more actively with international financial institutions in creating innovative mechanisms for SME financing;
- 44. Emphasises the importance of promoting standards that help to develop innovation in new products and services, to complete the internal market and to attract investment in the EU, and of harmonising European standards with international standards;
- 45. Reiterates its earlier proposal that the Commission, in conjunction with the EIB (in view of the quality of the latter's human resources and its experience in financing major infrastructure), engage in a process of strategic analysis of investment funding, without ruling out any possible scenario, including subsidies, the release of sums subscribed to the EIB's capital by the Member States, EU subscriptions to the EIB's capital, loans, innovative instruments, financial engineering tailored to long-term projects which are not immediately profitable, the development of guarantee systems, the creation of an investment section within the EU budget, financial consortia of European, national and local authorities, and public-private partnerships;
- 46. Welcomes the emblematic Europe 2020 initiatives entitled 'An integrated industrial policy for the globalisation era', 'A Union of Innovation' and 'A resource-efficient Europe', and notes that the Europe 2020 strategy will help to make investment in the EU more attractive, create jobs within the EU and maintain its international competitiveness;





- 47. Highlights that, with the current low levels of growth and high levels of unemployment, the EU's cohesion policy makes an important contribution to the European economy as well as to European research and innovation and constitutes the largest expenditure item in the EU's budget for investments in the real economy, strengthening economic, social and territorial cohesion by reducing regional disparities and implementing a Union strategy for smart, sustainable and inclusive growth that offers remarkable leverage for public and private investments at EU, national, regional and local levels;
- 48. Stresses that a discriminatory approach towards large enterprises could impede innovation and reduce the competitiveness of other EU companies SMEs in particular by excluding them from vital global partnerships in collaborative innovation and by reducing their access to advanced technology;
- 49. Endorses the economic rationale of a local/regional place-based development policy rooted in the fundamental logic that interest in the Union's less-developed regions is likely to increase if they are able to offer competitive comparative advantages (adequate infrastructure, skilled human resources, etc.) as well as firm sets of incentives; in this context, calls on the Commission to support the Member States and regions in their pursuit of their own investment incentives policies, especially as regards long-term investments not least at cross-border level with an emphasis on infrastructure projects; notes with regret that less-developed regions of the EU are increasingly losing their attractiveness, to the benefit of third countries; calls on the competent authorities to draft urgent measures aimed at maintaining current investment and attracting new investment;
- 50. Emphasises that the EU has enormous strength in its cities and that major urban infrastructure projects and innovative business parks provide the strongest appeal to investment; urges the Member States to undertake large-scale investment in infrastructure, new technologies and R&D, including multimodal transport systems, in order to enhance the liveability and competitiveness of Europe's cities, building on their traditional strengths while ensuring that this investment is not detrimental to real territorial cohesion and balanced rural development;
- 51. Emphasises that it is necessary not only to disseminate and implement but also to invest in research and education at local level. This means that the available human potential researchers and academic foundations at local level needs to be used to the full in order to attract both domestic and direct foreign investment. In this context, it is also important to take note of the mobility of the human element: teachers, researchers and students;
- 52. Believes that underdeveloped regions should continue to benefit from substantial Union funding to provide investors with other local competitive advantages in addition to reduced labour costs:
- 53. Notes the need for strengthening infrastructure so as to reinforce regional cohesion and the competitiveness of the regions; emphasises, in this context, the importance of the Trans-European Networks and the use of supplementary financial instruments such as project bonds and public-private sector partnerships;
- 54. Instructs its President to forward this resolution to the Council, the Commission and the national parliaments.



EXPLANATORY STATEMENT

Introduction

The global economy has embarked on the road to recovery, but there is limited room for manoeuvre, and ensuring a steady economic recovery process requires policies at international, EU and national level, to be cautious. Although signs of stabilization are emerging from the euro zone and the US, high debt levels in developed markets and rising oil prices are key risks ahead. The international economic environment has continued to be characterized by an uneven performance, weak growth in advanced economies and a stronger, although slowing, expansion in emerging markets. Structural problems, insufficient global rebalancing, a persistent development gap, rising unemployment, high public and private debt and uncertainty continue to adversely affect global growth prospects. While volatility in international financial markets has declined, it remains high and actions are needed to further reduce downside risks.

The rapporteur believes that Europe needs to respond adequately to the challenges of stabilizing the international economy in order to fully exploit global opportunities. The EU has to address its weaknesses and strengthen the advantages of all countries and regions to attract local and international investments that will contribute to its balanced growth and cohesion. EU is the world's largest trading bloc and external trade has so far played a dynamic role in boosting growth, especially in the services sector.

The rapporteur notes that Europe remains the largest regional destination for foreign direct investment (FDI). A quarter of the world's total consumption and investment takes place within its expanding borders, although it is a reduced share compared to the past. FDI flows remain highly concentrated among developed world economies. EU flows are dominated by the US which accounted for more than 1/3 of the EU's outward FDI in 2008; this was 25 times as high as the corresponding figure for China. Switzerland and Canada also accounted for a significant share of EU FDI flows (both outward and inward). However, Europe needs to address its weaknesses and exploit its competitive advantages given the rising competition from developing countries. This must be at the heart of the EU's investment reforms and strategy, at both EU and national level. At global level, the EU should continue its efforts to conclude bilateral and multilateral free trade agreements, as well as participate actively in global economic governance.

Investors are attracted by EU's market mainly due its high-quality and diverse human capital, emphasis on corporate social responsibility, relatively predictable business environment as well as high potential in research and innovation. Nevertheless, Europe's weak economic growth, high taxation and high public debt accumulation, raise concerns to investors which can be magnified in the face of global competition, especially from emerging economies, as well as lack of opportunities to exploit the Union's full potential. Hence, the rapporteur asks the Commission to prepare a communication to evaluate as well as promote the attractiveness of investing in Europe including policy recommendations to Member States targeted at enhancing the EU investment environment.

Attracting investment in Europe requires measures and reforms, both at European and national level. Ensuring that businesses can compete openly and fairly is crucial with respect to making Europe an attractive place to invest and work. The internal market is one of the EU's most significant priorities in developing a friendly and motivational environment for

businesses and consumers. It is particularly important in a globalised economy, where businesses have some flexibility in choosing where to operate. The regulatory environment needs to be further improved to allow businesses in Europe to enhance their competitiveness and their ability to grow and create jobs. Regarding productivity and unit labour costs, 2010 marks a revival of labour productivity growth accompanied by a reduction in unit labour costs in the EU and the euro area, the first since 1996.

The EU remains one of the key players in global financial services. Specifically, US and EU financial markets continue to provide around 3/4 of global financial services, although at lower overall levels of activity, facing high competition by emerging economies such as China and India. Although the euro area equity markets were less strongly affected by the crisis, banks face funding difficulties due to uncertainties and lack of confidence. Moreover, the real economy is hit by fiscal consolidation measures combined with a reluctance to lend by banks seeking to restructure their balance sheets. Furthermore, the current trend in Europe shows that companies move away from relying on banks as their main source of funds. Therefore, decisive steps are needed towards further development and integration of financial markets in Europe.

The crisis is a global one and calls for an international response. Hence, the rapporteur believes that the G20 should be regarded as the main forum for a coordinated global approach in order to improve international financial supervision, crisis management and policy coordination in the fields of taxation and macroeconomic imbalances. Europe has so far played a key role in driving forward the global agenda, and should remain fully committed to implementing it while protecting its competitiveness. Moreover, the rapporteur favours regulatory dialogues with the EU's main trading partners, namely the US and Japan, but also the emerging financial services markets in China, India, Russia and Brazil. Regulatory convergence between the EU and the rest of the world in the area of financial services should also be promoted in the framework of negotiations for new Deep and Comprehensive Free Trade Agreements with Third countries and fighting trade protectionism.

The rapporteur stresses the fact that attracting investment needs to be distinguished between two levels: (i) making Europe an attractive destination for foreign investors (ii) making entrepreneurship attractive for the local entrepreneur. Reforms, both at national and European level, are necessary to improve the functioning of the single market and fully exploit the Structural Funds.

The rapporteur emphasizes the benefits and opportunities the common currency offers both economically and politically. The euro, as a common currency, is a great advantage for the stability and power of the Union as well as for attracting investments. In the face of the euro area debt crisis, the rapporteur stresses the need for stability and coordination between eurozone and non eurozone countries to prevent and reduce economic and social disparities and reinforce regional cohesion.

Increasing the attractiveness of the European market, as an investment destination, requires greater efficiency in addressing macroeconomic and social imbalances. The EU needs a coherent political, economic and regulatory framework, based on sustainable growth objectives and the Community method, to enhance its ambitions as outlined in the framework of the EU2020 Strategy.

(i) Maximizing cohesion policy benefits

In Europe, cohesion policy makes a decisive contribution as it is the main Union source of financing investment in the real economy while it significantly supports public investment, at national, regional and local level. Given the EU's limited mechanisms for economic coordination, balanced growth and solidarity, cohesion policy, through the Structural Funds and other actions, is of key importance. Strengthening cohesion policy contributes in highlighting the regions' comparative advantages and innovation opportunities and their importance for growth, investment and employment.

Cohesion policy can mobilise additional sources of private and public finance to support investment. The rapporteur strongly supports adequate financing of cohesion policy while providing flexibility for efficient allocation of resources and a quick Union response to unforeseen circumstances. Meanwhile, structural reforms in Member States are necessary to ensure greater coordination between EU and national policies regarding their complementary use and evaluation. Hence, the rapporteur believes that the appropriate financing and use of the EU funds can act as a catalyst for attracting additional financing from the EIB, EBRD, other international financial institutions and the private sector.

(ii) Addressing human capital needs

Protecting EU human potential, as well as modernising labour markets and education systems is key in ensuring attractiveness and providing added value. Hence, Member States should integrate flexicurity strategies and systematically improve workers' levels of qualification. Furthermore, the rapporteur notes that discrimination needs to be addressed in an effort to promote diversity and equity and secure the full potential of the labour force. The fact that high qualified women do not participate in the market according to their skills, both in terms of quantity and position level, has a negative impact on enterprises' profitability. Promoting high quality education and reforms will generate more credibility for the European universities and attractiveness at international level, allowing them to retain students within the Union. At the same time education and professional training need to further contribute to the success of the single market while promoting mobility of students, researchers, professors and workers.

(iii) Ensuring stability and improving access to finance

The accumulation of excessive risk in the financial system and risks to euro zone's stability and sustainability are the most important causes of the credit crunch that followed the collapse of financial markets in autumn 2008. Since then, the ECB has contributed significantly towards mitigating the risks associated with the crisis by acquiring government bonds of Member States in financial and budgetary difficulties, as well as providing liquidity to the financial sector. Nowadays, though, it is very obvious that the EU economy needs a financial sector at the service of the real economy, providing stability and being able to cover the financial needs of households and companies. To achieve this goal we need to safeguard the level playing field inside the single market and as well as boost the competitiveness of the EU financial sector vis-à-vis the rest of the world, taking into account new trading platforms and activities that have been developed. The rapporteur calls the Union to develop a more active role and commit to a globally coordinated regulatory response and deeper cross-border cooperation, meeting all challenges that financial globalisation sets. In addition, a greater role for the ECB should be pursued without compromising its independence and its commitment to maintaining price stability.

It is clear that pressure in government bonds prevented further progress towards stable market conditions. Therefore, the rapporteur welcomes the adoption of Regulation (EC) No 1060/2009 on credit rating agencies, as well as its recent revision. Subsequent revisions need to ensure that sovereign debt ratings of EU Member States represent reliably the risk of owing government bonds as opposed to being driven by speculation.

The rapporteur is concerned about the more and more difficult access to finance for SMEs. Taking into consideration the banks' liquidity drainage the rapporteur stresses the urgent need to find potential sources of liquidity and capital resources.

Therefore, the rapporteur welcomes the proposal of European Commission on European Venture Capital Funds and stresses the need to work for a larger participation of institutional investors in European venture capital partnerships, given the great heterogeneity in the types of venture capital investors in Europe as well as considerable differences in their development stage and size. She also supports reinforcing efforts for a common framework for sovereign wealth funds, given the expectations for their increasing role within the markets, while ensuring adequate transparency, accountability and stresses the need for harmonizing incentive programs since different national policies and measures may arise in the absence of a common line agreement within EU. The rapporteur also reminds that the access of third country firms to European markets is subject to national regimes, contributing to uneven competition as well as unequal distribution of benefits to investors.

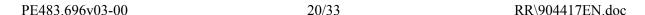
(iv)Promoting synergies for transport, infrastructure and energy projects - Project bonds

Infrastructures and networks which benefit cohesion in the EU and neighbourhood are a precondition for attracting investors and providing an added value to investment. Particularly focus on renewable energies and sustainable transport can create new opportunities and increase competitiveness. The rapporteur highlights the remarkable interest of investors for cleantech and green sectors and emphasizes the intense investment activity in developing countries for renewable energy technologies. Special attention, though, should be given to the diversification of supply sources, the availability and the stability of prices of resources.

Furthermore, to promote efficient synergies, incentives are needed to attract foreign investors based on public-private partnerships (PPP), involving, whenever possible, the European Investment Bank. The rapporteur stresses that stronger use of innovative financial instruments can multiply the outreach of the EU Budget. Moreover, the rapporteur supports the Project Bond Initiative, to revive project bond markets and to significantly promote individual infrastructure projects to attract long-term private sector debt financing. Such an initiative would help to reduce the risk for third party investors seeking long-term investment opportunities and can act as a catalyst to re-open the debt capital market as a significant source of financing in the infrastructure sector.

(v) Boosting research and innovation

Investment in R&D can have a positive impact on the growth of the so called knowledge economy. Such investments in research and innovation will significantly strengthen capacities, infrastructures and human capital, targeted in particular at SMEs and start-ups, areas with considerable growth and competitiveness prospects. Perhaps the biggest challenge for the EU and its Member States is to adopt a much more strategic approach to innovation, and in this direction, the rapporteur supports the approach set out by the *Innovation Union*. Clearly, Europe has no shortage of potential and it is thus necessary to build up stronger links



between research and the business world and internal market. However, we need to build on our strengths and tackle our weaknesses, like under-investment in our knowledge foundation compared to countries like the US and Japan, unsatisfactory framework conditions, including poor access to finance, high costs of Intellectual Property Rights (IPR) and ineffective use of public procurement, as well as excessive fragmentation and costly duplication. The rapporteur views the agreement on a single EU patent as an important step forward. In this direction, the protection and enforcement of intellectual property go to the heart of the EU's ability to compete in the global economy.

(vi) Strengthening territorial cooperation

It is particularly encouraging that the key priorities of the EU 2020 strategy stress the need to exploit new sources of growth that will simultaneously ensure social and territorial cohesion of the EU while improving the regulatory framework for strengthening territorial cohesion. It is worth noting that territorial cohesion gives added value to the competitiveness of various sectors and regions, growth of SMEs and exploitation of their comparative advantages. The rapporteur believes that a number of investment opportunities and benefits can arise from macro-regional strategies, as well as from the European Neighbourhood Policy.

(vii) Addressing macroeconomic imbalances

To boost investment, it is key to address fragilities that arise from medium and long term structural trends, due to the rising divergences within the Union (and Euro area in particular) as well as social and economic imbalances across regions. Steps have already been taken in the context of the new economic governance package, particularly the Regulation to prevent and correct macroeconomic imbalances. The rapporteur calls for other variables to be included in the scoreboard to appropriately measure the investment environment of Member States, such as external imbalances from trade and investment flows and transfers.

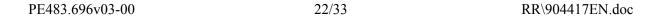
The rapporteur also supports introducing investments as a key horizontal element in all flagship initiatives within the EU 2020 Strategy, to address significant needs for growth and jobs as well as highlight the role of investment in tackling the fiscal crisis. Moreover, she suggests improving and broadening the statistics database for direct investments, according to OECD and UN patterns, as well as introducing investment sub-targets and indicators at national level, to demonstrate the progress towards an attractive investment environment, while assessing investment policies and their positive effects on the real economy and employment.

In this context, the rapporteur proposes the functioning of a European Observatory for foreign direct investments in the Commission that could provide a better monitoring of investment allocation within the single market framework, the policies applied, and the perspectives in order to promote Europe as an investment destination.

(viii) Enhancing the Single Market

The most serious tax issues that Europeans face in cross-border situations are discrimination, double taxation, difficulties in claiming tax refunds and in obtaining information on foreign tax rules. The rapporteur believes that tax coordination should be an integral part of a growth strategy and that the Euro Plus Pact is correct in emphasising the importance of tax reforms. Regarding corporate taxation, the rapporteur believes that a Common Consolidated Corporate Tax Base (CCCTB) will contribute in addressing some serious fiscal obstacles to growth in

the Single Market which create disincentives for investment in the EU. Therefore any strategies for boosting EU's attractiveness to foreign investors should be based on an assessment of achievements and deficiencies related to the completion of internal market.



OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

for the Committee on Economic and Monetary Affairs

on the attractiveness of investing in Europe (2011/2288(INI))

Rapporteur: Jürgen Creutzmann

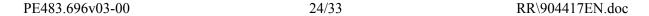
SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- 1. Welcomes the fact that in 2011 the number of companies looking to invest in the EU rose by 5 %; regrets, however, that the average number of new jobs created per investment project has remained flat;
- 2. Emphasises that improved framework conditions for manufacturers and producers in the EU would establish important incentives for investment;
- 3. Stresses that, with 500 million consumers, the European single market offers decisive advantages as a location for investors, which must be further developed; calls, in this connection, for the deepening of the single market, for harmonisation where appropriate, for the coordination of regulations on products and services and for the further dismantling of unnecessary bureaucracy for internationally active businesses; invites the Commission to use the consistent enforcement of competition rules and of the basic freedoms set out in the Treaty on European Union to guarantee free and fair competition in the single market; supports the use of tax and fiscal regimes that simplify and encourage investment especially long-term investment, for instance in infrastructure projects and of research and development tax credits;
- 4. Believes that investors with a naturally long-term horizon, such as insurance or pension funds, should be enabled and encouraged to make longer-dated investments in critical infrastructure, especially in the fields of energy, communication and transport; is concerned that EU regulatory requirements for liquidity and capital adequacy may reduce long-term investment in such infrastructure; suggests that the implementation of EU legislation applicable to such investors should be carefully monitored and amended if

necessary;

- 5. Takes the view that the EU can maintain long-term investment attractiveness only by developing the competitiveness of all its regions, investing in skills and innovation capacity and promoting adaptability;
- 6. Respects the subsidiarity of the Member States with regard to tax matters, but recommends that the Member States consider whether their tax regimes adequately incentivise long-term investments; notes also that stability and certainty of policy decisions are key to encouraging investment, especially in longer-term infrastructure projects;
- 7. Believes that the EU's future attractiveness for investment will also rely on its ability to:
- maintain its reputation for quality, sustainability, specialisation, innovative capability and a highly skilled and diversified workforce,
- protect education budgets and calibrate its education systems to increase productivity levels,
- secure a flexible business environment and reduce the administrative burden on businesses so as to enable them to increase their efficiency and competitiveness;
- 8. Asks the Commission and the Member States to apply the European eGovernment Action Plan, through which they can provide eGovernment services including to companies more efficiently and at a lower cost, at both local and cross-border level;
- 9. Stresses the need for regulatory simplification and harmonisation and the provision of financial and tax incentives for establishing a European venture capital area that would attract investment and promote the creation of high-tech start-up companies;
- 10. Stresses the need for equal treatment of trading partners such as China in order to stop the one-way flow of knowledge and production capacity and stimulate constructive cooperation;
- 11. Highlights the fact that continued investment in human capital and the mobility of professionals are prerequisites for developing a skilled workforce;
- 12. Stresses that smart regulation makes a significant contribution to simplifying and reducing administrative and business costs, in particular in relation to SMEs;
- 13. Stresses the importance of high-level research infrastructure in the EU in order to remain attractive in key sectors over the coming years;
- 14. Insists on the need, in order to attract more investment, for the EU and its Member States to:
- a) offer better framework conditions for research and innovation, particularly in relation to key enabling technologies, green and information technologies, digital infrastructure and energy efficiency, and to strengthen their focus on achieving leadership in those areas in which grand societal challenges offer prospects for the growth of future global markets;

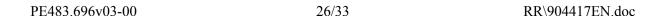




- b) offer economical and effective protection for intellectual property rights in order to make the EU more attractive to innovative businesses, in particular through the rapid introduction of an SME-friendly EU patent system;
- c) invest in transforming EU research and development output into successful innovative products and business models that will benefit European economies and societies;
- d) encourage, facilitate and, where appropriate, participate in investments enabling innovative businesses to become commercially successful, for example by supporting innovative business parks with incubation units to accelerate technology and knowledge transfer and the sharing of equipment and skills, especially for SMEs and all other entrepreneurs, fostering synergies between scientific research, education and innovation;
- e) propose incentives and support mechanisms for those companies willing to enter or expand into external markets;
- f) continue to promote the coordinated expansion of infrastructure in the areas of transport, telecommunications and energy, including Trans-European Networks and the Connecting Europe Facility, in all EU regions, in particular those in which such infrastructure is lacking;
- g) secure a reliable, sustainable and affordable provision of energy and non-energetic raw materials, including by prioritising re-use, recycling and research into alternatives, in order to foster the EU as an attractive manufacturing base;
- h) continue to remove existing barriers to the single market by promoting the free movement of capital, labour, products and services, building on the attractiveness of a market of 500 million Europeans and stimulating business competitiveness;
- i) implement fully the third energy package in order to allow access to the EU energy market for companies and households wishing to participate in it;
- j) stresses the need to increase its investment in research and innovation, notwithstanding the current economic climate, since they constitute the basis for economic and social development;
- k) encourage and enable corporate investment by non-financial corporations as well as financial investors;
- implement measures to make labour markets more flexible and more responsive to new investment;
- m) continue to build a strong public research base with close links to industry and society at large, in order to underpin technological innovation and private investment in R&D;
- n) reorganise state aid frameworks for innovative industrial development and boost open innovation and high-level production in the EU's regions;
- o) prioritise the preservation of a strong manufacturing base in the EU, in particular in sectors where it has traditionally maintained a strong position and in new high-technology

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- areas in which a strong industrial base is an element underpinning product, process and service innovation and job creation;
- p) stimulate domestic demand in core economies in order to make investment in both core and periphery more attractive to foreign investors;
- q) recognise that long timetables and uncertainty regarding planning and development decisions may discourage investment;
- r) take advantage of the EU's historical heritage by fostering the cultural industries, sports and tourism as growing and attractive markets;
- s) foster the trans-Atlantic economy as our current main commercial, trade and foreign direct investment partner, taking greater advantage of skilled-job flows across the two continents and building on the potential for strengthening the innovation economy;
- t) push forward new bankruptcy laws in order to encourage a second-chance policy designed to foster entrepreneurship and business re-starts, building on the advantage represented by the capital of experience acquired by failed entrepreneurs;
- 15. Welcomes the Commission's proposal for a programme focusing on the competitiveness of businesses and SMEs; welcomes recent increases in venture and angel capital in many Member States, but reiterates that the EU should further simplify regulations and access to finance for SMEs and other economic players by encouraging effective venture capital and angel capital systems across the EU and enhancing the role of private and public equity investments in financing long-term corporate growth; calls on the Commission to cooperate more actively with international financial institutions in creating innovative mechanisms for SME financing;
- 16. Recognises that many investors may consider investing outside the EU as an alternative to investing in the Member States; recommends that, when new EU legislation or revisions to existing EU legislation are proposed, an impact assessment be prepared which compares these proposals to the equivalent legislation in significant non-EU jurisdictions, assessing the potential consequential impact on investment in the Member States;
- 17. Emphasises the importance of promoting standards that help to develop innovation in new products and services, to complete the internal market and to attract investment in the EU, and of harmonising European standards with international standards;
- 18. Reiterates its earlier proposal that the Commission, in conjunction with the EIB (in view of the quality of the latter's human resources and its experience in financing major infrastructure), engage in a process of strategic analysis of investment funding, without ruling out any possible scenario, including subsidies, the release of sums subscribed to the EIB's capital by the Member States, EU subscriptions to the EIB's capital, loans, innovative instruments, financial engineering tailored to long-term projects which are not immediately profitable, the development of guarantee systems, the creation of an investment section within the EU budget, financial consortia of European, national and local authorities, and public-private partnerships;

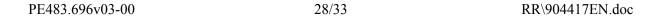




19. Welcomes the emblematic Europe 2020 initiatives entitled 'An integrated industrial policy for the globalisation era', 'A Union of Innovation' and 'A resource-efficient Europe', and notes that the Europe 2020 strategy will help to make investment in the EU more attractive, create jobs within the EU and maintain its international competitiveness;

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	21.3.2012
Result of final vote	+: 52 -: 0 0: 3
Members present for the final vote	Gabriele Albertini, Josefa Andrés Barea, Jean-Pierre Audy, Zigmantas Balčytis, Jan Březina, Reinhard Bütikofer, Maria Da Graça Carvalho, Giles Chichester, Jürgen Creutzmann, Christian Ehler, Vicky Ford, Gaston Franco, Adam Gierek, Norbert Glante, András Gyürk, Fiona Hall, Jacky Hénin, Romana Jordan, Krišjānis Kariņš, Lena Kolarska-Bobińska, Béla Kovács, Bogdan Kazimierz Marcinkiewicz, Marisa Matias, Judith A. Merkies, Angelika Niebler, Jaroslav Paška, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Michèle Rivasi, Jens Rohde, Paul Rübig, Salvador Sedó i Alabart, Francisco Sosa Wagner, Britta Thomsen, Patrizia Toia, Evžen Tošenovský, Ioannis A. Tsoukalas, Claude Turmes, Marita Ulvskog, Vladimir Urutchev, Kathleen Van Brempt, Alejo Vidal-Quadras, Henri Weber
Substitute(s) present for the final vote	António Fernando Correia de Campos, Jolanta Emilia Hibner, Yannick Jadot, Seán Kelly, Bernd Lange, Werner Langen, Alajos Mészáros, Mario Pirillo, Alyn Smith, Hannu Takkula, Silvia-Adriana Țicău



OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Economic and Monetary Affairs

on attractiveness of investing in Europe (2011/2288(INI))

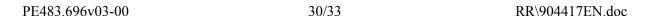
Rapporteur: Oldřich Vlasák

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- 1. Highlights that, with the current low levels of growth and high levels of unemployment, the EU's cohesion policy makes an important contribution to the European economy, as well as to European research and innovation, and constitutes the largest expenditure item in the EU's budget for investments in the real economy, strengthening economic, social and territorial cohesion by reducing regional disparities and implementing a Union strategy for smart, sustainable and inclusive growth that offers remarkable leverage for public and private investments, on EU, national, regional as well as local levels;
- 2. Stresses that in the European Union, those SMEs and those social enterprises, including large firms, that are responsible for more than 50 % of total exports generate a substantive part of the business sector value added; suggests that for geographically targeted support, the main criterion should not be the size of the enterprise but the quality and required sustainability of the project, as well as its potential contribution, in terms of job creation, to the economic recovery and to efforts to strengthen competitiveness;
- 3. Stresses the key role of geographically targeted support for the success of a territorial development strategy, noting that it is essential that businesses of all kinds can benefit from such support; recalls, however, that cohesion policy mainly targets SMEs in the recognition that they constitute an asset in harmonious regional planning and diversification of the local economy;
- 4. Underlines that a discriminatory approach towards large enterprises could impede innovation and reduce the competitiveness of other EU companies, SMEs in particular, by

- excluding them from vital global partnerships in collaborative innovation and by reducing their access to advanced technology;
- 5. Calls on the Commission and Member States to come up with specific measures in order to support all businesses which create jobs in line with the EU 2020 strategy and with national and regional development strategies, while ensuring that decisions for funding are based on the quality of the respective projects and their value for EU, national, regional and local strategies;
- 6. Believes that in the world of global competition, an option of cohesion policy support is a key asset in attracting foreign investment insofar as it provides added value for companies when deciding in which world region to develop their operation capacities and where to transfer their knowhow; acknowledges that investments from third countries can contribute to lessening the effects of the economic crisis and to achieving the objectives of the cohesion policy; stresses the importance of these investments for the regions that face difficulties, by creating jobs and attracting foreign investment; points out that the provision of business support services, financial engineering and technology transfer is an additional contribution to the attractiveness of investing in Europe;
- 7. Endorses the economic rationale of a local/regional place-based development policy rooted in the fundamental logic that the interest of the Union's less-developed regions is likely to increase, should they be able to offer competitive comparative advantages (adequate infrastructure, skilled human resources, etc.) as well as firm sets of incentives; in this context requests the Commission to support Member States and regions in their pursuit of their own investment incentives policies, especially as regards long-term investments not least on the cross-border level with an emphasis on infrastructure projects; notes with regret that less developed regions of the EU are increasingly losing their attractiveness to the benefit of third countries; calls upon the competent authorities to draft urgent measures aimed at maintaining current investments and attracting new ones;
- 8. Underlines that high taxes and public debt are among the key concerns identified by companies investing in Europe;
- 9. Believes that a prerequisite for attracting investors is the availability of infrastructures that are competitive in the context of the new challenges facing us; stresses that in order to maintain the growth of investments and, implicitly, of the European economy, there is an ongoing need to modernise existing infrastructures, and that this is where the cohesion policy has a very important role to play, especially in the case of the new Member States;
- 10. Believes that another prerequisite for ensuring the regions' competitiveness and attractiveness, besides good infrastructure, is a dedicated effort to promote research, innovation and technological development and to ascertain the availability of appropriate high-quality professional training programmes for people in the European regions;
- 11. Emphasises that the EU has an enormous strength in its cities, and that major urban infrastructure projects, and innovative business parks, provide the strongest appeal for investment; urges the Member States to provide large-scale investments in infrastructure, new technologies and R&D, including multimode transport systems, in order to enhance the liveability and competitiveness of Europe's cities, building on their traditional

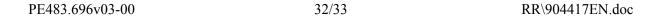




- strengths while ensuring that these investments are not detrimental to real territorial cohesion and balanced rural development;
- 12. Believes that investments in transport, energy, broadband infrastructure, as well as in developing human capital, are crucial for attracting growth-enhancing but environmentally more friendly investments in order to achieve sustainable development in line with the Europe 2020 objectives;
- 13. Emphasises that it is necessary not only to disseminate and implement but also to produce research and education at the local level. This means that the available human potential researchers and academic foundations at the local level needs to be used to the fullest in order to attract both domestic and direct foreign investments. In this context, it is also important to take note of the mobility of the human element: teachers, researchers and students;
- 14. Emphasises the need for horizontal and vertical coordination that allows cities to collaborate with other levels of governance and to consolidate their cooperation by networking with other cities;
- 15. Believes that in the coming period, the Member States and regions should set their objectives in such a way as to prioritise the needs of investors while, simultaneously, guaranteeing adequate and accessible funding, attributing a key role to the Structural Funds;
- 16. Believes that governance is needed, based on the empowerment of citizens, the participation of all relevant partners and the innovative use of share capital;
- 17. Believes that underdeveloped regions should continue to benefit from substantial Union funding to provide investors with other local competitive advantages in addition to reduced labour costs;
- 18. Notes the need for strengthening infrastructures so as to reinforce regional cohesion and the competitiveness of the regions; emphasises, in this context, the importance of the Trans-European Transport Networks and the use of supplementary financial instruments, such as project bonds and public-private sector partnerships;

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.4.2012
Result of final vote	+: 32 -: 4 0: 2
Members present for the final vote	François Alfonsi, Luís Paulo Alves, Jean-Paul Besset, Victor Boştinaru, John Bufton, Alain Cadec, Nikos Chrysogelos, Rosa Estaràs Ferragut, Danuta Maria Hübner, Filiz Hakaeva Hyusmenova, María Irigoyen Pérez, Seán Kelly, Constanze Angela Krehl, Petru Constantin Luhan, Elżbieta Katarzyna Łukacijewska, Ramona Nicole Mănescu, Vladimír Maňka, Iosif Matula, Erminia Mazzoni, Ana Miranda, Jens Nilsson, Lambert van Nistelrooij, Jan Olbrycht, Wojciech Michał Olejniczak, Markus Pieper, Tomasz Piotr Poręba, Monika Smolková, Ewald Stadler, Georgios Stavrakakis, Nuno Teixeira, Joachim Zeller
Substitute(s) present for the final vote	Jens Geier, Ivars Godmanis, Karin Kadenbach, Maurice Ponga, Patrice Tirolien, Giommaria Uggias
Substitute(s) under Rule 187(2) present for the final vote	Julie Girling



RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	31.5.2012
Result of final vote	+: 34 -: 3 0: 4
Members present for the final vote	Burkhard Balz, Elena Băsescu, Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Rachida Dati, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Othmar Karas, Wolf Klinz, Jürgen Klute, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Arlene McCarthy, Ivari Padar, Alfredo Pallone, Olle Schmidt, Edward Scicluna, Peter Simon, Ivo Strejček, Kay Swinburne, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells, Pablo Zalba Bidegain
Substitute(s) present for the final vote	Sophie Auconie, Thijs Berman, Roberto Gualtieri, Danuta Maria Hübner, Olle Ludvigsson, Mario Mauro, Theodoros Skylakakis
Substitute(s) under Rule 187(2) present for the final vote	Margrete Auken