

# COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION COMMUNICATION ON INVESTMENT  
TO THE EUROPEAN COUNCIL

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(COPENHAGEN, 3 AND 4 DECEMBER 1982)

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COMMISSION COMMUNICATION TO THE EUROPEAN COUNCIL ON INVESTMENT

1. At its meeting on 29 and 30 March 1982, the European Council expressed its concern at the inadequate level of productive investment in Europe, especially in the industries of the future. It requested the Commission to make whatever proposals it considered useful and the Council to adopt the necessary means and procedures. The Commission presented interim reports to the Council and to the European Council at its meeting on 28 and 29 June 1982 and subsequently a set of proposals or guidelines (COM(82)641 final) on which the Council stated its views on 15 November. This document sets out the measures that have already been agreed or that will shortly be proposed.

2. At a time when economic prospects and the employment situation are cause for concern, a recovery in productive investment, both private and public, is:

- in the short term, the preferred policy instrument for underpinning economic activity without fuelling inflation, since any growth in incomes or expansion of public expenditure is subject to unavoidable restraints and international demand is sluggish.

- in the longer term, the condition for making the Community's productive apparatus competitive once again and hence, directly or indirectly, for **preserving** and expanding employment in an open international trading system.

3. The general economic environment must improve before there can be any strong and lasting recovery in investment. It is against this backdrop that specific measures for making the most of existing opportunities must be assessed. The Commission has described these measures in its communication on initiatives for promoting investment, the general thrust of which was endorsed by the Council (Economic and Financial Affairs) on 15 November. These measures are summarized briefly below.

4. The measures taken by the national authorities must be geared to:

- increasing the after-tax profitability of firms and their access to financing;
- enhancing the impact of specific investment incentives, while ensuring their compatibility with the common market;
- restructuring public expenditure in favour of productive expenditure;
- reducing budget deficits in countries with large deficits in order to alleviate the interest burden and thereby to expand the resources available on capital markets for financing productive investments.

5. The Commission reiterated that the Community has its own part to play in promoting a dynamic adjustment to change by:

- ensuring full use of the common market in order to extract the utmost advantage from the resulting economies of scale, positive effects of competition and scope for boosting investment;
- providing support for the strategic activities which are essential if our economies are to haul themselves out of the current structural crisis since they are either the necessary condition or the target for investment and new technologies;
- expanding the Community's financial instruments and adapting them to the requirements of industrial investment.

In this context the Commission has proposed:

- that the single Community market be consolidated; in particular, it has requested that the Council act in three key areas by 30 June 1983 (see Annex); it has also urged that these matters receive unequivocal political support;

- that, where the Community dimension is likely to give an edge, the Community's budgetary and financial instruments should be used to promote a number of activities in strategic fields: research and development, innovation, energy, biotechnology, information technologies, industrial conversion (see Annex);

- an additional allocation (3 000 million ECU) for the New Community Instrument, to guarantee continued Community financing for infrastructure and energy projects and small business and to promote industrial modernization.

6. The Commission requests the European Council:

- to confirm the importance it attaches to the recent conclusions of the Council (Economic and Financial Affairs) concerning the appraisal of tax and financial measures to promote investment, sharpening the impact of present aid schemes and the examination of immediate and medium-term measures to restructure public expenditure in favour of investment;

- to emphasize the special impact which the consolidation of the common market can have on investment and accordingly to ask the Council to decide, by the end of June 1983 at the latest, on the priority measures proposed by the Commission to reinforce the internal market;

- to endorse the measures to promote investment in the priority areas of research and development, innovation and energy;

- to acknowledge the importance of the Council's agreeing at its last meeting (Economic and Financial Affairs) to take a decision early in 1983 on the expansion of the New Community Instrument; and to express, by approving the principle of expanding the NCI, the value that it attaches to the reinforcement of Community action which helps directly to bolster investment;

- to ask the specialist Councils of Ministers to speed up the adoption of the Commission's current and forthcoming proposals in these fields and to establish, where necessary, the most efficient appraisal and decision-making procedures.

If it takes these steps, the European Council will be able to achieve the political objective of adopting, in the first half of 1983, a programme of practical and complementary measures to bolster investment.

COMMUNITY MEASURES IN SPECIFIC AREAS

Present situation

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Single market: In its Communication, the Commission stressed both the need and the scope for rapid progress in three key areas: the treatment of products from non-Community countries within the framework of Community certification resulting from the technical harmonization Directives; the procedure for providing information on technical rules introduced by authorities in the Member States and on the industrial standards established by national standards institutions; and the simplification of frontier formalities.

R&D: Before the end of 1982, the Commission will present an outline programme of Community scientific and technical activities for the period 1984-87, with the aim, in particular, of improving coordination of Community and national measures to make Community industry more competitive by introducing new technologies in the traditional industries, fostering advanced technologies and establishing new standards and references.

Innovation: The Commission recently proposed a plan for action to develop a transnational infrastructure in the field of innovation. Early in 1983 it will present a proposal for Community action on the financing of innovation in SMEs. The Commission attaches great importance to the study of tax measures affecting the promotion of investment to disseminate innovation. Towards the end of 1983, it will put forward proposals concerning the information market.

Energy: The Commission recently proposed that interest rate subsidies be made available on loans granted to various categories of investment in the rational use of energy, since such investment cannot become profitable until after a relatively long period. The Commission has also proposed to the Council that part of the ERDF's non-quota measures should be used to finance measures for the application of new hydroelectric and alternative energy technologies.

Information  
technology:

The Commission has laid before the Council, as part of the 1983 budget procedure, a series of pre-competitive R&D pilot projects comprising major Community action supplementing national and corporate programmes. This initiative supplements the current proposals and measures relating to telecommunications (gradual opening up of public contracts and deregulation, integrated digital network (INSIS)), micro-electronics, information processing and data banks (Euronet).

Biotechnology:

The Commission is considering launching a major programme in 1983 that will take account of the features peculiar to this sector.

Industrial  
conversion:

Under the ECSC Treaty, the Community is helping to finance the investment planned under corporate and government restructuring programmes in order to ensure the international competitiveness of the steel industry and hence preserve steelworkers' jobs.

The Commission has also sent the Council three proposals for using the ERDF's non-quota section to finance measures to create or develop new activities in the areas adversely affected by restructuring in the steel, textile and shipbuilding industries.