Relocation to and investment in third countries

1996/2235(INI) - 24/09/1997

The report, by A.SAINJON (ERA,F), makes practical proposals to enable the European public authorities to have a positive influence on the attitudes of European multinational companies, the competitiveness and technological performance of companies threatened with relocation and the establishment of a tax system guaranteeing loyal competition within the internal market and the future economic and monetary union. In this connection, the main objective of public policy is to harmonize fiscal, environmental, social and monetary conditions so as to avoid unjustified relocation decisions being taken on the basis of competitive deregulation rather than genuine comparative advantages. Hence the Committee's recommendation that the Commission should draw up a code of conduct for European multinationals. This should be based on promotion of trade union freedom and collective bargaining, combatting forced labour and child slavery, and ending employment and pay discrimination in respect of male and female workers. Member States and the Commission should also take coordinated action to amend the OECD's code of investments. If the country in which a multinational is being established does not have appropriate labour law provisions, a minimum code should be adopted referring to the code that should apply in the EU. The committee believes that relocation is caused by disparities between tax systems and, consequently, calls on the Commission to consider harmonizing VAT systems, company tax systems and tax on savings. An overvalued currency may also be a source of relocation: Members therefore hope that the euro will be strong but not overvalued in relation to the dollar and yen.