Relocation in the context of regional development

2004/2254(INI) - 24/01/2006

The committee adopted the own-initiative report drawn up by Alain HUTCHINSON (PES, BE) on relocation in the context of regional development. MEPs stressed the need to ensure consistency between regional development policy and competition policy, and added that public aid should not provide a spur to the relocation of economic activity. They wanted to see a Community-wide regulatory legal framework, with monitoring systems to quantify the economic and social cost of any relocation. In this context they called for the European Foundation on the Improvement of Living and Working Conditions, based in Dublin , to carry out studies into the impact of the relocation of companies, assessing the number of jobs created and lost, while taking into account their quality.

The report said that practices that are not conducive to the achievement of economic cohesion and the strategic goal of full employment, such as unjustified relocation likely to cause job losses, should not be financially supported by the EU. The Commission was urged to take measures adapting the new guidelines on national regional aid with a view to repayment of the aid granted to companies which relocate their plants within or, in particular, outside the EU. MEPs also suggested that the guidelines should allow the granting of public aid, as an emergency measure, in the event of major job losses even though the region concerned would not normally qualify for such aid.

The committee backed the Commission's idea, as part of the reform of the Structural Funds, of penalising companies which, having received EU aid, relocate their activity within seven years of the granting of the aid. It also urged the Commission and the Member States to name and shame companies which infringe rules on state aids or Community funds as a result of relocation. MEPs suggested that the Commission draw up a European code of conduct to prevent transfers of companies or their production units to another EU region or country for the sole purpose of obtaining European financial aid.

Lastly, the report called on the Commission and the Member States to monitor the effective and targeted use of European funds, which should be focused on vocational training and the retraining of workers in regions affected by restructuring or relocation and, in particular, of those workers who have been directly affected by a job loss as a result of the relocation of their former employer.