Relocation in the context of regional development

2004/2254(INI) - 14/03/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Alain **HUTCHINSON** (PES, BE). It pointed out that companies choose to relocate their activities for manifold reasons, some of which are not connected to issues of productivity, efficiency or economic viability. Such relocation is liable, however, to result in major job losses and economic hardships whose impact on regional development will be all the more pronounced where there are few employment possibilities in the region abandoned. Company relocation is a serious concern in several Member States. Parliament called for practices that are not conducive to the achievement of cohesion and full employment, such as relocation that is not justified from the point of view of economic viability or that is liable to lead to substantial job losses, not to be supported financially by the EU. It recommended that the Commission keep current company closures and relocations under review and that it demand that aid granted be paid back if it is misused.

Parliament acknowledged the Commission's proposal, within the framework of the reform of the Structural Funds, to penalise companies which, having received EU aid, relocate their activities within seven years of the grant of aid. It called also for companies that have received public aid - in particular where they have failed to comply with all of the obligations connected with that aid - or laid off the staff at their original location, without complying with national or international law, and have then relocated within the EU, to be blocked from receiving public aid in their new location, and also blocked from receiving Structural Funds or State aid for a period of seven years following relocation. Measures should also be contemplated with regard to 'reverse' relocations, namely those which, without relocation of the company's activities, lead to deterioration in working conditions. Parliament welcomed the fact that the Commission had taken measures adapting the new guidelines on national regional aid with a view to repayment of aid granted to companies which fail to comply with the conditions attaching to the aid and which relocate their plants within or, especially, outside the EU.

Parliament called for the rapid establishment of a European strategy for managing and monitoring the relocation of companies, implemented at Union level and coordinated with all the Member States. It asked that the Commission entrust the European Foundation for the Improvement of Living and Working Conditions (European Monitoring Centre on Change) with the remit of studying, assessing (including establishing the number of jobs created and lost, while taking into account their quality) and monitoring the issue of relocation.

It also called for on the Commission for the following:

- the implementation of existing provisions with regard to reimbursement of subsidies by companies which fail to respect their obligations with regard to investment for which they have received public subsidy;

- listing companies which infringe rules on State aid or Community funds by proceeding to relocate their activity within or out of the EU without having fulfilled the requirement on perenniality contained in the rules concerned;

- 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;

- the inclusion of social clauses in international treaties, and to do so on the basis of the five International Labour Organization (ILO) conventions considered to be priorities;

- the targeted use of the European funds, which should be focussed on vocational training and the retraining of workers in regions affected by restructuring or relocation and, in particular, of those workers who have been affected by a job loss as a result of the relocation of their former employer;

- provisions designed to penalise more severely companies which, after having received public subsidies, relocate all or part of their activity outside the European Union;

Parliament supported the Commission's proposal to create a globalisation fund to stave off the economic and social impacts of restructuring and relocation, and called for that fund to be allocated sufficient funding to cover the roles assigned to it. The use of Community funds should be made subject to specific rules relating to innovation, local development, employment, and to production commitments within the territory of the undertakings benefiting from these funds.