Restructuring and employment

2005/2188(INI) - 15/03/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Louis **COTTIGNY** (PES, FR) on restructuring and employment. (Please see the summary of 25/01/2006.) It agreed with the Commission that restructuring is not necessarily synonymous with social decline and a loss of economic substance provided that it is properly anticipated, that firms can manage it in dialogue with trade unions, that anticipatory measures at business level together with public action help ensure that the change is properly carried out and that businesses prepare for restructuring by providing ongoing training for their workers. These conditions are not often met.

Business restructuring should only take place if warranted by the circumstances, namely in order to save jobs or improve the competitiveness and the economic development of firms. Continual processes of adaptation to changing circumstances are unavoidable if businesses are to develop. Accordingly, it is important to explain in good time to workers the need for changes, and to take the interests of the workers into account.

While the success of restructuring is certainly measured in terms of businesses" competitiveness and innovative capacity, it is equally measured in terms of job preservation and the good social management of any negative consequences. Parliament considered that, since the EU promotes the opening-up of the market, it should propose measures and financial resources better to anticipate and accompany restructuring and its social consequences, as well as to promote innovation and the search for new entrepreneurial potential, and the maintenance of working conditions. The Union needs to rise to challenges of a global dimension, such as restructuring, by improving the competitiveness of Europe's economy and businesses through better coordination and more consistent application of four existing Community instruments: competition policy, particularly the issue of State aid ; internal market policy, particularly the "Societas Europea" and the Community patent ; enterprise policy, particularly support for SMEs ; and solidarity policy, particularly by reorienting the European Regional Development Fund (ERDF) and the European Social Fund (ESF) to regions affected by actual or planned restructuring.

Parliament agreed with the Commission that the ESF and, to a lesser extent, the ERDF in respect of SMEs undergoing restructuring, which are too often overlooked, have a crucial role to play in managing restructuring. It proposed that the financial programmes under discussion for 2007-2013 should be geared more closely to managing restructuring, especially in areas where a high proportion of industry is accounted for by a limited number of sectors, and that the Funds should be allocated a budget adequate to this task. It also proposed that a European globalisation adjustment fund and a contingency reserve should be set up, and welcomed the Presidency conclusions on the Financial Perspective 2007-2013.

Parliament went on to note that the people most affected by restructuring are those employees made redundant and that they should always receive priority aid as should the economic activities dependent on the business undergoing restructuring, particularly sub-contracting SMEs. It stressed the need to take better account of the "hidden effects" of restructuring, such as those to workers" health. Individuals directly threatened by redundancy suffer medical and psychological problems, and during the first five years following their dismissal, the mortality rate among such employees is twice as high as among those who are not dismissed. Parliament felt, therefore, that financial assistance should not be limited to the structural aspect of restructuring and that the human dimension of these challenges should be taken into account by prioritising personally-tailored assistance for workers. It condemned, among the hidden effects of restructuring, the early retirement of employees, who then, on account of their age, are the least employable, giving rise to significant financial costs to society, the loss of their professional skills and a senseless risk of labour shortage.

Parliament called for better monitoring and better traceability of the use of Community funds. Firms subsidised from EU funds which relocate part or all of their activities should be barred from receiving any further Community aid for a period of seven years and be required possibly to reimburse aid so as to prevent subsidy tourism.

Finally, Parliament called on the Commission to propose a European one-stop Internet shop for all citizens, local authorities, social partners and businesses affected. This would enable them to find information on the problems related to restructuring, on the opportunities which exist for anticipating and properly managing restructuring, and on their rights (including access to various types of assistance) and obligations.