

# **MOTION FOR A RESOLUTION**

pursuant to Rule 37 of the Rules of Procedure

by Mr Winfried Menrad

on behalf of the EPP Group

on company restructuring as part of globalisation

**B5-0196/1999****Resolution on company restructuring as part of globalisation**

*The European Parliament,*

- having regard to the 1998-2000 social action programme,
  - having regard to the interim report by the high-level group of experts on the economic and social implications of industrial changes (Gyllenhammar Group),
  - having regard to the ILO and UN codes of conduct,
  - having regard to its resolution of 13 November 1996 on industrial restructuring and relocation in the European Union<sup>1</sup>,
  - having regard to its resolution of 14 December 1995 on a communication from the Commission entitled: 'A level playing field for direct investment world-wide'<sup>2</sup>
- A. whereas, in the past, a number of companies were closed down without prior consultation of the employees concerned, constituting an infringement of the Social Charter, the Social Protocol, Directive 75/129/EEC amended by Directive 92/56/EEC and Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies and Directive 94/45/EC concerning the creation of a European Works Council, as well as the OECD and UN Codes of Conduct,
- B. whereas, if the European Union is to enhance its competitiveness and hence rise to the challenge of global competition and gain an edge over its rivals, it must exploit the wide range of talents, the varied fund of expertise, and the competitive advantage existing in the Member States,
- C. whereas companies should be as free as possible to make management decisions which secure the commercial growth of their enterprises and so help tackle the problem of structural long-term unemployment in Europe,
- D. whereas, although industrial relocation and restructuring are not new developments, their scale and the bases on which they are occurring have undergone a decisive change in the wake of economic globalisation,
- E. whereas the relocation of production forms part of an overall process of economic rationalisation and cost cutting, industrial modernisation and continued development, adjustment and restructuring,
- F. whereas the motivating of firms to relocate are manifold, for example seeing access to emerging markets, circumvention of local content clauses, wage competition, subsidies competition, 'free' infrastructure opportunities and tax avoidance,

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<sup>1</sup> OJ C 362, 2.12.1996, p. 147.

<sup>2</sup> OJ C 17, 22.1.1996, p. 175.

- G. whereas company relocation can be associated with a range of socio-economic problems in the regions, for example, increasing levels of long-term unemployment, skills mismatch, decline in purchasing power and the loss of key markets for local producers,
- H. whereas it is necessary to bring national taxation policies into line with a view to discouraging the transfer of capital and company relocations on the basis of tax incentives alone,
1. Considers it urgent to shift the basis for international measures in the field of trade and investment from a relatively narrow focus on growth and the presentation of free trade and investment to the more complex goal of sustainable development, which means taking into account economic efficiency, macroeconomic stability, social justice and environmental sustainability;
  2. Calls on the Commission to take the necessary measures to eliminate factors preventing all workers and citizens from taking full advantage of the redistribution of internal market benefits including the provisions to be adopted concerning the taxation of border workers and fiscal harmonisation in general;
  3. Draws attention to the importance of creating European Works Councils to guarantee the transparency of relocation and restructuring decisions;
  4. Calls on the Commission to seek the incorporation of social clauses in international agreements on the basis of the five ILO conventions classified as having priority;
  5. Takes the view that public policy should seek to enhance the benefits of relocation and mitigate its potential drawbacks, taking due account of the complexity of industrial relocation;
  6. Takes the view, therefore, that public policy concerning industrial relocation should seek to achieve the following objectives:
    - a high level of employment,
    - social and economic cohesion,
    - competitiveness of Community industry,
    - sustainable development,
    - fairer distribution of the benefits of free trade;
  7. Calls on the Commission to introduce stricter monitoring procedures with regard to the relocation of European Union industry and consider establishing a permanent observatory on these issues;
  8. Urges the Commission to take energetic measures to promote investment in training and specialist skills so as to ensure the necessary adaptability in response to relocations;
  9. Recalls that Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies, and Council Directive 94/45/EC of 22 September 1994 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees must be respected;

10. Is of the opinion that large companies which seek to limit employment for specific reasons should do so within the framework of a medium- or long-term corporate industrial strategy that justifies the decision and provides for appropriate social measures;
11. Calls for worker representatives to be included in consultations concerning restructuring and in the preparation and, where appropriate, the organisation thereof;
12. Points out that, at European level, consultation with worker representatives is provided for only in the case of collective redundancies and therefore calls on the Council to adopt the directive concerning the information and consultation of workers;
13. Instructs its President to forward this resolution to the Commission, the Council, the governments and parliaments of the Member States and the social partners and, in particular, the Michelin company.