

EUROPEAN PARLIAMENT

1999



2004

Session document

5 March 2003

B5-0160/2003

MOTION FOR A RESOLUTION

further to the Commission statement

pursuant to Rule 37(2) of the Rules of Procedure

by Carlos Lage, Manuel António dos Santos and Stephen Hughes

on behalf of the PSE Group

on the closure of firms after they were granted financial aid by the European Union

European Parliament resolution on the closure of firms after they were granted financial aid by the European Union

The European Parliament,

- having regard to the Charter of Fundamental Social Rights of Workers of 1989 and the related Action Programme,
 - having regard to Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies,
 - having regard to Directive 94/45/EC on the establishment of a European Works Council or a procedure for information and consultation in Community-scale undertakings,
 - having regard to Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community,
 - having regard to its previous resolutions on the restructuring, relocation or closure of businesses in the European Union,
 - having regard to the unfair competitive practices sometimes used in countries outside the European Community,
- A. whereas direct foreign investment in the Union countries should be promoted as an instrument for integrating and harmonising European economies,
- B. whereas direct foreign investment, when it generates lasting and sustainable added value, is essential for the real convergence of the less developed economies of Europe,
- C. whereas, however, in a number of European countries there is now a widespread trend towards relocating factories, the sole aim being to obtain short-term profit by means of speculation, thereby creating unemployment and jeopardising the social stability of the region in which they are located,
- D. whereas this trend is on a particularly large scale in Portugal, where the relocation of various businesses was recently announced and, if confirmed, will make thousands of workers redundant,
- E. whereas most of these firms – C&J Clark in the footwear sector, Bawo in the clothing sector, both located in the Aveiro area, Gerry Weber in the clothing sector, located in the Leiria area, and Bagir and Sasimac in the Coimbra area – are located in regions which are particularly depressed from the economic and social point of view and are heavily dependent on these investments,

- F. whereas C&J Clark received public aid amounting to about EUR 1.7 million for its factory at Castelo de Paiva, in the Aveiro region of Portugal, which enabled it to reorganise and lay off 1 056 surplus workers during the last two years in the factories at Arouca and Castelo de Paiva,
- G. whereas as a result of this aid the company drew up a contract with the local authorities promising to keep the factory in the municipality of Castelo de Paiva in production until 2007 at least,
- H. whereas Gerry Weber received substantial financial support of more than EUR 2.5 million, in proportion to the number of jobs created, and several plots of land were made available to it by the local authority of Figueiró dos Vinhos,
- I. whereas at least one of these firms (C&J Clark) has already indulged in such practices in the past, with harmful results for the local economy,
1. Considers that the policy of support by means of public funding must be accompanied by long-term commitments, on the part of the management of the beneficiary companies, regarding employment and local development;
 2. Calls on the Commission to draw up a Code of Conduct in order to avoid, in practice, subsidising the relocation of businesses within the Union, or from one Union country to a candidate country, for the sole purpose of obtaining financial aid from the Union and benefiting from the lower wages paid in the regions to which they are relocated;
 3. Calls on the Commission to draw up and maintain an up-to-date record of actions which harm competition and failures to comply with contracts on the part of companies benefiting directly or indirectly from public incentives, in connection with operations to transfer assets either inside or outside the Union, in order to assess their compatibility and decide whether to impose sanctions;
 4. Asks the Commission to call on the European Monitoring Centre on Change (EMCC) to devote particular attention to studying relocation, with a view to devising policies to neutralise the adverse effects thereof;
 5. Calls on the Commission and the Member States to withdraw support programme subsidies and to demand the reimbursement of subsidies paid to companies who fail to fulfil their contractual obligations when they relocate unnecessarily and without justification;
 6. Calls on the Commission to ascertain whether the companies C&J Clark, Gerry Weber, Bawo, Bagir and Sasimac have complied with the provisions of Directive 94/45/EC and Directive 98/59/EC on the approximation of the laws of the Member States relating to collective redundancies;
 7. Trusts that the Commission, when endorsing financial aid under the Structural Funds, ensures that such aid is granted in return for guaranteed long-term jobs;

8. Recalls that in other cases, when collective redundancy turned out to be the only solution for overcoming a crisis in business, negotiations were held with the employees to help to devise alternative plans to safeguard jobs;
9. Recommends, therefore, that the management of the companies involved, together with workers' representatives and the local authorities, find alternative solutions in order to safeguard jobs; calls on the Commission, in collaboration with the local authorities involved, to consider the efficient and targeted use of the European Social Fund for the vocational training and reconversion of the workers involved;
10. Expresses its sympathy with all the workers in the firms involved, in particular those who were made redundant or are threatened with redundancy;
11. Instructs its President to forward this resolution to the Commission, the Council, the governments and parliaments of the Member States and the social partners, in particular those linked to the firms C&J Clark, Gerry Weber, Bawo, Bagir and Sasimac.