

WRITTEN QUESTION E-4213/08  
by Alessandro Foglietta (UEN)  
to the Commission

Subject: Videocon dispute

One of the largest production companies in the Ciociaria area, VDC Technologies S.p.A. of Anagni, operating in the plasma technology sector and owned by Videocon Industries Ltd, now finds itself in a dire emergency owing to the failure of the parent company to comply with undertakings it made to the firm in a programmatic agreement.

On 1 March 2005, when the former Videocolor of Anagni ceased trading, the Indian multinational Videocon received €185 million from Thomson as a contribution towards the industrial restructuring of the company. In May of the following year a memorandum of understanding was drawn up at the Ministry of Economic Development, in the presence of the Indian Ambassador, with a view to carrying out plans for a reorganisation of production at the plant.

In June the Programmatic Agreement on industrial restructuring was initialled at the Ministry of Economic Development. In July 2007 Videocon, the Ministry of Economic Development and the Lazio Region initialled the Programme Contract in the context of the Structural Funds programme for 2000-2006 (Objective 2) with the award of a non-refundable grant of €46 972 479.

VDC Technologies S.p.A. likewise made use of the temporary lay-off scheme for employees, despite the formal undertakings made by Videocon to Thomson concerning employment safeguards. On 20 June 2008, during a meeting held at the Ministry of Economic Development in the presence of the social partners, Videocon expressed its intention to ignore the undertakings it had given and suggested that the only alternative to shutting down the plant would be to downscale business to the mere assembly of own-brand products.

The proposed solution is wholly unsatisfactory, given that it would result in a reduction of the workforce from 1450 employees to no more than 400. This state of affairs is the result of three years of speculation and utter disregard by Videocon of its undertaking on industrial restructuring of the site.

Can the Commission call upon the Indian Government to oblige Videocon to comply with the agreements officially entered into with the institutions and the social partners?

Alternatively, can the Commission initiate a sanction procedure compelling Videocon to pay a fine equal in value to the funding received and never devoted to the reorganisation of VDC Technologies in Anagni?

Can it at the same time oblige Videocon to repay the funds received from Thomson when Videocolor ceased trading?