

## **P6\_TA(2006)0088**

### **Restructuring and employment**

#### **European Parliament resolution on restructuring and employment (2005/2188(INI))**

*The European Parliament,*

- having regard to the Commission Communication of 31 March 2005, entitled 'Restructuring and employment: Anticipating and accompanying restructuring in order to develop employment: the role of the European Union' (COM(2005)0120) and the opinion of the European Economic and Social Committee of 14 December 2005 (CESE 1495/2005),
- having regard to the 1989 Charter of Fundamental Social Rights for Workers and the action programme relating to it,
- having regard to 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<sup>1</sup>,
- having regard to Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies<sup>2</sup>,
- having regard to Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses<sup>3</sup>,
- having regard to Directive 2002/14/EC of 11 March 2002 of the European Parliament and of the Council establishing a general framework for informing and consulting employees in the European Community<sup>4</sup>,
- having regard to its resolutions of 28 October 1999<sup>5</sup>, 17 February 2000<sup>6</sup> and 15 February 2001<sup>7</sup> on business restructuring in Europe,
- having regard to Council Recommendation 92/443/EEC of 27 July 1992 concerning the promotion of participation by employed persons in profits and enterprise results (including equity participation)<sup>8</sup>,
- having regard to the Presidency conclusions of the Lisbon European Council of 23 and 24 March 2000 and to the resolutions of the European Parliament, in particular its resolution

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<sup>1</sup> OJ L 254, 30.9.1994, p. 64.

<sup>2</sup> OJ L 225, 12.8.1998, p. 16.

<sup>3</sup> OJ L 82, 22.3.2001, p. 16.

<sup>4</sup> OJ L 80, 23.3.2002, p. 29.

<sup>5</sup> OJ C 154, 5.6.2000, p. 139.

<sup>6</sup> OJ C 339, 29.11.2000, p. 280.

<sup>7</sup> OJ C 276, 1.10.2001, p. 260.

<sup>8</sup> OJ L 245, 26.8.1992, p. 53.

of 15 March 2000<sup>1</sup> on that subject and its resolution of 9 March 2005 on the mid-term review of the Lisbon strategy <sup>2</sup>,

- having regard to the Commission communication 'Working together for growth and jobs: A new start for the Lisbon Strategy' (COM(2005)0024),
- having regard to the Presidency conclusions of the Brussels European Council of 22 and 23 March 2005 and the European Parliament resolution of 13 April 2005<sup>3</sup> on that subject,
- having regard to the Commission communication entitled 'Fostering structural change: an industrial policy for an enlarged Europe' (COM(2004)0274) and the European Parliament resolution of 9 June 2005<sup>4</sup>,
- having regard to the own-initiative opinion of the European Economic and Social Committee of 29 September 2005 entitled “Social dialogue and employee participation, essential for anticipating and managing industrial change” (CESE 1073/2005),
- having regard to the Commission communication on the Social Agenda (COM(2005)0033) and the European Parliament resolution of 26 May 2005 on the Social Agenda for the period 2006-2010<sup>5</sup>,
- having regard to the Commission communication to the Council and the European Parliament entitled 'Common Actions for Growth and Employment: The Community Lisbon Programme' (COM(2005)0330),
- having regard to the initiative taken by the Commission to designate 2006 as the European Year of Workers' Mobility and to the implementation of the Lisbon Strategy<sup>6</sup>,
- having regard to the Commission communication entitled 'Building our common Future: Policy challenges and Budgetary means of the Enlarged Union 2007-2013' (COM(2004)0101), the Commission communication entitled 'Financial Perspectives 2007-2013' (COM(2004)0487) and the European Parliament resolution of 8 June 2005 on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013<sup>7</sup>,
- having regard to the Presidency conclusions of the Brussels European Council of 15 and 16 December 2005 on the Financial Perspective 2007-2013,
- having regard to the proposal for a Council regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (COM(2004)0492),
- having regard to the proposal for a European Parliament and Council regulation on the European Social Fund (COM(2004)0493),

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<sup>1</sup> OJ C 377, 29.12.2000, p. 164.

<sup>2</sup> OJ C 320 E, 15.12.2005, p. 164.

<sup>3</sup> OJ C 33 E, 9.2.2006, p. 487.

<sup>4</sup> *Texts Adopted*, P6\_TA(2005)0230.

<sup>5</sup> *Texts Adopted*, P6\_TA(2005)0210.

<sup>6</sup> MEMO/05/229.

<sup>7</sup> *Texts Adopted*, P6\_TA(2005)0224.

- having regard to Articles 87(3), 127, 136 and 158 of the EC Treaty,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs (A6-0031/2006),
- A. whereas a social and economic approach to risks is the key element characterising the European social models and whereas it is applied in a variety of forms as part of the different national policies designed to build a welfare state based on the idea of solidarity and social security,
- B. whereas these risks, if they are not anticipated, can affect and impact on employees, for whom work is one of the essential elements of their liberty and dignity, and employers and their productive assets, which evolve in the context of the competition inherent to an open economy,
- C. whereas a distinction should be made between, on the one hand, the restructuring of businesses linked to changes in specific industrial sectors and, on the other, the relocation of businesses, most often for the purpose of reducing production costs, and whereas these two issues require different responses,
- D. whereas economic change is inevitable, whether in the form of foreseeable or unforeseen evolution, through adopted policies or as a result of crises; whereas these transformations affect all European States, whatever their level of economic development and social protection, though the challenges they face may differ and be met with specific responses according to the nature of their productive assets and long-term strategic investment and research choices, and, in a broader sense, their recent economic and political history,
- E. whereas restructuring is a specific form of economic change and may be a sudden and reluctant process of adaptation by a business to changes in consumer needs and the constraints of the globalised economic climate, with a view to enabling it to remain competitive or regain its competitiveness, and whereas businesses and workers must constantly adapt to create growth and employment,
- F. whereas there are various levels of restructuring (inter-sector, within a single sector, within an individual company and at worker level); whereas, at company level, various types of restructuring may be observed (changes in production processes, outsourcing, relocation, site closure, job cuts, mergers and acquisitions etc.); whereas restructuring at worker level takes place when increased demands are placed on workers' skills; whereas these differing levels and types of restructuring call for different responses,
- G. whereas one of the consequences of globalisation is increased concentration, regrouping and the creation of large international groups, sometimes in sectors of vital strategic interest; whereas, therefore, assistance to businesses should no longer be conceived solely on a national and local authority scale but at international level; whereas, furthermore, small and medium-sized enterprises are also dependent on globalisation and should receive the same attention as large groups in that regard,
- H. whereas the difficulties which cause businesses to undertake restructuring are most often due to an opening up to international trade, but are also linked to the capacity of

businesses to prepare themselves and their workers for modernisation and restructuring processes; sharing and supporting the Commission's position that it is appropriate for the EU, together with the Member States, to bear the cost, and face up to the legislative implications, of policies it implements;

- I. whereas the consequences of restructuring sometimes run counter to the Lisbon objectives seeking to promote full employment, quality of jobs, social and territorial cohesion and sustainable development, and whereas workers must be guaranteed opportunities for upgrading of skills and lifelong learning,
- J. whereas the recognition that economic and social renewal is at the heart of the Lisbon strategy is vital; and whereas restructuring is also fundamental to the process of wealth creation and the raising of living standards;
- K. whereas the social partners and public authorities have an essential role to play in accompanying restructuring, both at an overall level by creating new jobs and at an individual level by providing the workers concerned with opportunities to adapt to a new activity, in particular by means of training, but also in anticipating it and seeking alternative solutions wherever possible,
- L. whereas mobility in Europe is too low, which means that business potential is insufficiently exploited; whereas workers who are willing to move are often deterred from taking up their activities abroad as a result of administrative and linguistic obstacles; whereas insufficient use is made of national measures for lifelong learning;
- M. whereas the weakness of European growth and business competitiveness are in part due to the weakness of investment in production and research; whereas the EU should promote and support the investment capacity of businesses as well as Research and Development,
- N. whereas, in view of their responsibility for adequately anticipating restructuring, businesses should guarantee the best possible training conditions for their workers in respect of:
  - initial practical training periods and apprenticeship;
  - the ongoing training of their employees;
  - the recognition of work experience; bearing in mind that workers only gain real benefit from training if they have the opportunity to apply their new knowledge immediately;

and whereas, in order to meet these objectives, businesses should draw up plans and schedules of responsibility for training and the development of qualifications, negotiated between the social partners on the one hand, and the institutions awarding professional qualifications on the other,

- O. whereas the principal source of information at European level is the European Foundation for the Improvement of Living and Working Conditions, which manages the ERM (European Restructuring Monitor) and whereas its use should be optimised, particularly as regards the visibility and accessibility of information in all EU languages,

- P. whereas one of the reasons why European businesses are in difficulty is the absence, at international level, of adequate rules on intellectual property protection or effective measures to combat counterfeiting,
1. Welcomes the Commission's decision to opt for a global, transversal approach to an issue which is as important for businesses as it is to workers and their social and working environment;
  2. Agrees 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 quickly and effectively in dialogue with trade unions, and respecting national customs and practice, that anticipatory measures at business level together with public action help ensure that the change is carried out in sound conditions and that businesses prepare for restructuring by providing ongoing training for their workers; considers that these conditions are not often met;
  3. Considers that 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;
  4. Notes that continual processes of adaptation to changing circumstances are unavoidable if businesses are to develop; accordingly, considers it important – as the European social partners also noted in their joint document of 16 October 2003, entitled “Orientations for reference in managing change and its social consequences” – to explain in good time to workers and/or their representatives the need for changes, and to take the interests of the workers into account;
  5. Considers that, in line with the European Economic and Social Committee's above-mentioned opinion of 29 September 2005, 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;
  6. Considers that, since the European Union 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;
  7. Considers that 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,

- 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;
8. Agrees 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 anticipating and managing restructuring; proposes that the financial programmes under discussion for 2007-2013 should be geared more closely to anticipating and managing restructuring, especially in areas where a high proportion of industry is accounted for by a limited number of sectors, and that the Funds will be allocated a budget adequate to this task;
  9. Considers – in view of the unpredictability of some restructuring events and the difficulty of foreseeing their impact on the local area, and given the extent to which the Union’s policies are responsible for this – that a European globalisation adjustment fund and a contingency reserve should be set up, and welcomes in this connection the abovementioned Presidency conclusions on the Financial Perspective 2007-2013;
  10. Urges that
    - (a) the size of an undertaking in which restructuring has taken place or its geographical location within the Union should not be used as the sole selection criteria for potential EU aid and that appropriate account should also be taken of the interests of SMEs;
    - (b) another criterion should be whether a firm includes provision for adjustment processes as part of its business planning, and in particular whether it is committed to initial and further training;
  11. Considers that the EU is an essential partner, whose role is to assist the conversion process in regions where restructuring (industrial, tertiary, intersectoral, intrasectoral, etc.) has taken place:
  12. Calls on the EU to support geographical mobility and mobility of employment in order to make better use of the available workforce of every category and, in particular, of young people, women and persons above 45 years of age; also calls on the EU to help remove administrative and linguistic barriers to mobility;
  13. Calls on the Commission to submit a proposal concerning the 14th Company Law Directive on the cross-border transfer of the registered office of limited companies, under which the transfer of registered offices must not be used to restrict workers’ rights; considers that the protection of workers’ acquired rights regarding their participation in company decisions (employee participation) must be both a fundamental principle and a declared objective of the directive;
  14. Suggests that environmental issues should be taken into account in the context of European assistance during restructuring, in particular by promoting the conversion of industrial or agricultural processes to activities which are less polluting and hence less dangerous for the surrounding population and for the workers;
  15. Notes, furthermore, 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; stresses the need to take better account of the 'hidden effects' of restructuring, such as those to workers' health; notes that individuals directly threatened by redundancy suffer medical and psychological problems, and that, 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; considers, 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;
16. Welcomes the Commission's attitude to restructuring in its communication of 31 March 2005 entitled 'Restructuring and Employment: Anticipating and accompanying restructuring in order to develop employment: the role of the European Union' (COM(2005)0120); highlights, in this connection, the joint work of the European social partners on the topic of restructuring, which provides important restructuring guidelines, which should become part of business practice;
  17. Condemns also, 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;
  18. Calls for better monitoring and better traceability of the use of Community funds, so as to ensure that they are properly used, to prevent their being diverted to related, speculative or administrative purposes and to prevent their being used to fund relocations; calls in particular for firms subsidised from EU funds which relocate part or all of their activities to be barred from receiving any further Community aid for a period of seven years and for them to be required possibly to reimburse aid so as to prevent subsidy tourism;
  19. Reaffirms the essential character of the Community acquis in the social field and the particular importance of existing legal instruments, which must be fully applied and better monitored by the Member States, who are responsible for their proper transposition and application. This concerns in particular the following:
    - Directive 94/45/EC on the establishment of a European Works Council,
    - Directive 98/59/EC on collective redundancies,
    - Directive 2001/23/EC on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses,
    - Directive 2002/14/EC establishing a general framework for informing and consulting employees;
  20. Regrets that the second-phase consultation on the European Works Council only forms in a small part of the extensive Commission Communication of 31 March 2005, and calls on the Commission, if it intends to revise Directive 94/45/EC, to launch a proper second phase consultation offering social partners the opportunity to negotiate in accordance with article 138 of the EC Treaty and the principle of transparency.
  21. Reiterates its request for the Commission to submit a proposal to amend Directive

94/45/EC to strengthen the rights of employees working for Europe-wide groups;

22. Shares the Commission's opinion that the European social partners should occupy a central place in accompanying and managing restructuring with a view to promoting worker mobility in Europe and the putting in place of structures for lifelong learning wherever appropriate;
23. Calls on the Commission to continue to work towards a Community framework for the protection of workers' rights in the event of restructuring; notes in this connection the work already undertaken by the social partners and calls on them to find ways of applying the good practices they have identified; calls on the Commission to submit a proposal for a directive in the absence of an adequate response from social partners;
24. Calls on the Commission to put in place, in accordance with the spirit of the Lisbon Agenda, an open method of coordination (OMC) in this area, with a view to providing the Member States with broad guidelines on restructuring;
25. Calls for a reform of State aid in order to target it as much as possible towards the areas which contribute most to growth and employment, thus preventing its use to fund unjustified relocations or restructuring; also, calls for State aid to be authorised more easily in weakened sectors requiring specific or transitional rules where it does not distort competition in the internal market;
26. Calls on the Member States to set up specific measures adapted to the tradition of each Member State, which may take the form of permanent conversion units, where necessary, to assist employees affected by restructuring and guarantee equal treatment whatever the employee's nationality, sex or age; considers that these conversion units may be based, in particular, on the regional employment pacts; calls on the Member States to adopt, as a matter of urgency, measures for the mutual recognition of professional training diplomas, the certification of atypical qualifications and the recognition of experience; considers it essential that action plans be adopted to support workers who are made redundant; considers also that aid for training and re-training should be given as quickly as possible;
27. Considers that equity participation by employees may be an appropriate way to secure their greater involvement in decisions leading up to restructuring; calls, therefore, on the social partners – and on the Commission and Member States – to move forward in this debate and to put this subject back on the agenda of the broad debate on the future of social Europe launched by the British presidency in 2005;
28. Calls on the European Union, in deepening the internal market and concluding international trade agreements, to take into account the difficulties facing enterprises so that the consequences of its policies are predictable;
29. Considers, with a view to anticipating and accompanying as effectively as possible the difficulties firms may face, that use should be made of all relevant sectoral analysis tools so as to permit the monitoring and ongoing evaluation of each sector of economic activity in Europe; welcomes, therefore, the willingness expressed in the above-mentioned communication of 31 March 2005 to give an enhanced role to the European Monitoring Centre on Change (EMCC) and stresses the need for EU citizens to have greater access to the EMCC's work;

30. Calls on the Commission to propose a European one-stop Internet shop for all citizens, local authorities, social partners and businesses affected, enabling 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;
31. Underlines the need for analyses of the monitoring of past restructuring events, with a view to ascertaining their real impact on the businesses concerned, so as to permit a more effective approach to future restructuring;
32. Calls on the EU's commercial partners to implement laws on intellectual property protection, and on the Member States to do their utmost to combat counterfeiting effectively;
33. Instructs its President to forward this resolution to the Council and Commission.