



# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">1996/2235(INI)</a>	Procedure completed
Relocation to and investment in third countries		
Subject 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<span>RELA</span> External Economic Relations	ARE <a href="#">SAINJON André</a>	21/03/1996
	Former committee responsible		
	<span>RELA</span> External Economic Relations	ARE <a href="#">SAINJON André</a>	21/03/1996
Council of the European Union	Council configuration	Meeting	Date
	Industry	<a href="#">2091</a>	07/05/1998

Key events			
15/11/1996	Committee referral announced in Parliament		
24/09/1997	Vote in committee		Summary
05/11/1997	Debate in Parliament		Summary
06/11/1997	Decision by Parliament	<a href="#">A4-0294/1997</a>	
06/11/1997	Report referred back to committee		
02/12/1997	Vote in committee		Summary
02/12/1997	Committee report tabled for plenary	<a href="#">A4-0392/1997</a>	
14/01/1998	Debate in Parliament		
15/01/1998	Decision by Parliament	T4-0031/1998	Summary
15/01/1998	End of procedure in Parliament		
02/02/1998	Final act published in Official Journal		
07/05/1998	Debate in Council	<a href="#">2091</a>	

Technical information	
Procedure reference	1996/2235(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	RELA/4/08434; RELA/4/09499

Documentation gateway					
Committee report tabled for plenary, single reading		<a href="#">A4-0294/1997</a> <a href="#">OJ C 339 10.11.1997, p. 0005</a>	24/09/1997	EP	
Committee report tabled for plenary, single reading		<a href="#">A4-0392/1997</a> <a href="#">OJ C 034 02.02.1998, p. 0003</a>	02/12/1997	EP	
Text adopted by Parliament, single reading		T4-0031/1998 <a href="#">OJ C 034 02.02.1998, p. 0121-0156</a>	15/01/1998	EP	Summary

## Relocation to and investment in third countries

The report, by A.SAINJON (ERA,F), makes practical proposals to enable the European public authorities to have a positive influence on the attitudes of European multinational companies, the competitiveness and technological performance of companies threatened with relocation and the establishment of a tax system guaranteeing loyal competition within the internal market and the future economic and monetary union. In this connection, the main objective of public policy is to harmonize fiscal, environmental, social and monetary conditions so as to avoid unjustified relocation decisions being taken on the basis of competitive deregulation rather than genuine comparative advantages. Hence the Committee's recommendation that the Commission should draw up a code of conduct for European multinationals. This should be based on promotion of trade union freedom and collective bargaining, combatting forced labour and child slavery, and ending employment and pay discrimination in respect of male and female workers. Member States and the Commission should also take coordinated action to amend the OECD's code of investments. If the country in which a multinational is being established does not have appropriate labour law provisions, a minimum code should be adopted referring to the code that should apply in the EU. The committee believes that relocation is caused by disparities between tax systems and, consequently, calls on the Commission to consider harmonizing VAT systems, company tax systems and tax on savings. An overvalued currency may also be a source of relocation: Members therefore hope that the euro will be strong but not overvalued in relation to the dollar and yen.

## Relocation to and investment in third countries

The European Parliament called by 151 votes to 143 with 1 abstention for the report by Mr André SAINJON (ARE, F) on relocation to third countries to be referred back to the Committee on External Economic Relations.

## Relocation to and investment in third countries

The growth in the number of industrial relocations in recent decades and the economic and social repercussions thereof are examined in a report by André SAINJON (ERA, F) which was adopted by the Committee. The aim is to make practical proposals to European public authorities, who are called upon by the report to try and influence the behaviour of European multinational companies as well as the competitiveness and technological performance of firms under threat from relocation, and to create tax conditions which will guarantee fair competition within the single market and under the future EMU. The Committee is recommending that the Commission draw up a code of conduct for European multinationals, which would be based on four principles: - promoting trade union freedoms and collective bargaining, - combating forced labour, - combating child labour, - abolishing job discrimination and ensuring equal pay for men and women. In addition, says the report, the Member States and the Commission should take coordinated action to have the OECD investment code amended. If EU aid is granted for a company to set up business on a particular site, there should be a requirement that it remain on that site for a minimum period and the aid should be spread over that period. If this clause is flouted, all funds already granted should be reimbursed to the Commission. The committee also recommends that aid policies and tax incentives for multinational companies to set up in the Member States be coordinated, to prevent unfair competition. In addition, it calls on the Commission to open talks with the governments of the Eastern European countries about the fact that some of their currencies are undervalued, which is likely to result in relocations. ?

## Relocation to and investment in third countries

In adopting the second report by Mr André SAINJON (ARE, F) on industrial relocation (the first having been referred back to committee in November 1997 because it went beyond the bounds of its title), the European Parliament recommended that the Commission draw up a voluntary code of conduct for European multinationals, based on five points: - the promotion of trade union freedom and collective bargaining, - combating forced labour, - combating child labour, - the elimination of discrimination in employment and careers, and equal pay for men and women, - compliance with environmental standards. Parliament urged that social and environmental clauses be incorporated in international agreements and in WTO rules. The Member States and the Commission should undertake coordinated action to amend the OECD's code of investments so as to include minimum rules for cases where the country in which a multinational is being established does not have labour law provisions. Community aid to the establishment of a group on a particular site should be conditional upon an undertaking to remain on that site for a minimum period, aid being broken down throughout that period. In the event that this clause was not observed, any monies already granted should be refunded to the Commission. Parliament recommended coordination of aid and tax incentive policies for establishing multinational companies in Member States to prevent unfair competition. It called on the Commission to initiate discussions with the governments of the countries of Central and Eastern Europe on the undervaluation of certain of their currencies liable to lead to relocation. Parliament considered it essential that the ILO create an international social label. Should it fail to do so, the Commission should consider establishing a European social label. Parliament welcomed the United Kingdom's decision to accept the social provisions of the Amsterdam Treaty. Lastly, it hoped that, in the context of the Euro Council, the European political authorities would consider the impact of the euro/dollar parity on direct foreign investment in third countries.?