



EUROPEAN PARLIAMENT

2009 - 2014

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*Session document*

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**A7-0079/2009**

3.12.2009

## **REPORT**

on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management  
(COM(2009)0602 – C7-0254/2009 – 2009/2183(BUD))

Committee on Budgets

Rapporteur: Reimer Böge

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management  
(COM(2009)0602 – C7-0254/2009 – 2009/2183(BUD))**

*The European Parliament,*

- having regard to the Commission proposal to the European Parliament and the Council (COM(2009)0602 – C7-0254/2009),
  - having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup> (IIA of 17 May 2006), and in particular point 28 thereof,
  - having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 on establishing the European Globalisation Adjustment Fund<sup>2</sup> (EGF Regulation),
  - having regard to the report of the Committee on Budgets and the opinion of the Committee on Employment and Social Affairs (A7-0079/2009),
- A. whereas the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who suffer from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market,
- B. whereas the Union's financial assistance to workers made redundant should be dynamic and made available as quickly and efficiently as possible, in accordance with the Joint Declaration of the European Parliament, the Council and the Commission adopted during the conciliation meeting on 17 July 2008, and having due regard for the IIA of 17 May 2006 in respect of the adoption of decisions to mobilise the Fund,
- C. whereas Sweden, Austria and the Netherlands have requested assistance in respect of cases concerning redundancies in the automotive sector in Sweden<sup>3</sup> and Austria<sup>4</sup>, and in the construction sector in one enterprise, Heijmans N.V., in the Netherlands<sup>5</sup>;
- D. whereas the applications have fulfilled the eligibility criteria set up by the EGF Regulation,

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

<sup>3</sup> EGF/2009/007 SE/Volvo.

<sup>4</sup> EGF/2009/009 AT/Steiermark.

<sup>5</sup> EGF/2009/011 NL/Heijmans N.V.

1. Requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF;
2. Recalls the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the Fund, providing one-off, time-limited individual support geared to helping workers who have suffered redundancies as a result of globalisation;
3. Stresses that the possibility of grouping proposals for decisions on the mobilisation of the fund together into batches in accordance with Article 12(3) of the EGF) puts in jeopardy the right of the budgetary authority to examine each application on the basis of its own merits and could, as a consequence, penalise certain of them;
4. Stresses that the European Union should use all its means to face the consequences of the global economic and financial crisis; emphasises that in this respect the EGF can play a crucial role in the reintegration of the workers made redundant into the labour market;
5. Stresses that, in accordance with Article 6 of the EGF Regulation, it should be ensured that the EGF supports the reintegration of the individual redundant workers into employment; reiterates that assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
6. Reminds the Commission, in the context of mobilising the EGF, not to systematically transfer payment appropriations from the European Union Social Fund, since the EGF was created as a separate specific instrument with its own objectives and deadlines;
7. Recalls that the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and other various instruments created by the IIA of 17 May 2006, within the process of the 2007-2013 multiannual financial framework budget review;
8. Approves the decision annexed to this resolution;
9. Calls on the Commission from now on to submit proposals to authorise the mobilisation of the Fund separately for every single application;
10. Instructs its President to sign the decision with the President of the Council and arrange for its publication in the Official Journal of the European Union;
11. Instructs its President to forward this resolution, including its annex, to the Council and the Commission.

## ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of xx December 2009

**on mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
having regard to the Treaty establishing the European Community and to the Treaty on the Functioning of the European Union,

having regard to the Inter-institutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>1</sup>, and in particular point 28 thereof,

having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund<sup>2</sup>, and in particular Article 12(3) thereof,

having regard to the proposal from the Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.
- (2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a result of the global financial and economic crisis.
- (3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (4) Sweden submitted an application to mobilise the EGF, in respect of redundancies in the automotive sector, on 5 June 2009. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, therefore the Commission proposes to deploy an amount of **EUR 9 839 674**.

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

- (5) Austria submitted an application to mobilise the EGF, in respect of redundancies in the automotive sector, on 9 July 2009. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, therefore the Commission proposes to deploy an amount of **EUR 5 705 635**.
- (6) The Netherlands submitted an application to mobilise the EGF, in respect of redundancies in the construction sector, on 4 August 2009. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, therefore the Commission proposes to deploy an amount of **EUR 386 114**.
- (7) The EGF should, therefore, be mobilised in order to provide a financial contribution for the applications submitted by Sweden, Austria and the Netherlands.

HAVE DECIDED AS FOLLOWS:

*Article 1*

For the general budget of the European Union for the financial year 2009, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of **EUR 15 931 423** in commitment and payment appropriations.

*Article 2*

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## EXPLANATORY STATEMENT

### I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of point 28 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management<sup>1</sup> and of the Article 12 of Regulation (EC) No 1927/2006<sup>2</sup>, the Fund may not exceed a maximum amount of EUR 500 million, drawn from any the margin under the global expenditure ceiling from the previous year, and / or from the cancelled commitment appropriations from the previous two years, excluding those related to Heading 1b. The appropriate amounts are entered into the budget as a provision as soon as the sufficient margins and / or cancelled commitments have been identified.

As concerns the procedure, in order to activate the Fund the Commission, in case of a positive assessment of an application, presents to the budgetary authority a proposal for mobilisation of the Fund and, at the same time, a corresponding request for transfer. In parallel, a dialogue could be organised in order to find an agreement on the use of the Fund and the amounts required. The dialogue can take a simplified form.

### II. State of play: Commission's proposal

This proposal concerns the mobilisation of a global amount of **EUR 15.931.423** from the European Globalisation Adjustment Fund (EGF) in favour of Sweden, Austria and Netherlands in order to cover the assistance to workers made redundant in the automotive industry in Sweden and Austria and, respectively, in construction sector in Netherlands.

Since the applications have been submitted after the 1st may 2009, they have been assessed on the basis of the new rules laid down in the Regulation N° 546/2009 of 18 June 2009 amending the Regulation (EC) No 1927/2006 of 20.12.2006.

Swedish and Dutch applications are based on the Article 2(a) of the legal basis: *at least 500 redundancies over period of 4 months in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers.*

The Austrian application is based on the Article 2(b): *at least 500 redundancies over period of 9 months, particularly in small or medium-sized enterprises, in a NACE 2 sector in one region or two contiguous regions at NUTS II level.*

The **Swedish** application, EGF/2009/007/SE/Volvo, submitted to the Commission on 5 June 2009, relates to a total number of 4.687 redundancies occurred in Volvo Cars and 23 of its suppliers and downstream producers. Sweden has applied for **EUR 9.839.674** from the Fund.

The **Austrian** application EGF/2009/009/AT/Steiermark has been submitted to the Commission on 9 July 2009 and concerns 744 redundancies occurred in 9 enterprises, of

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<sup>1</sup> OJ C 139, 14.6.2006, p. 1.

<sup>2</sup> OJ L 406, 30.12.2006, p. 1.

which 400 are targeted for assistance. Austria has applied for **EUR 5.705.635** from the EGF.

The **Dutch** application, EGF/2009/011/NL/Heijmans N.V., submitted to the Commission on 4 August 2009, relates to 570 redundancies occurred in one enterprise Heijmans N.V. of which 435 are targeted for assistance. Netherlands has applied for **EUR 386.114** from the Fund.

In accordance with Commission's assessment, all applications fulfil the eligibility criteria set up by the EGF Regulation. Moreover, it is concluded that sufficient information of a direct and demonstrable link between redundancies and the global financial and economic crisis and significant negative effect on the local, regional and national economy has been provided by the Member States. Thus, the Commission recommends to the Budget Authority to approve the applications.

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request (DEC48/2009) for a **global amount of EUR 15.931.423** from the EGF reserve (40 02 43) in commitments and from ESF budget lines (04 02 17 - ESF convergence) in payments to the EGF budget lines (04 05 01) for commitments and payments.

The IIA allows the mobilisation of the Fund within the annual ceiling of EUR 500 million. This is the fifth proposal for the mobilisation of the Fund in 2009. So far, EUR 13.077.700 has been mobilised in 2009 in favour of Spain, Portugal, Germany and Commission's technical assistance. The fourth application, concerning Belgium and Ireland, is still under procedure.

## Overview of applications - 2009 budget

### The European Globalisation Adjustment Fund (EGF):

Reference	Member State	Case	EGF contribution (€)	Redundancies
EGF/2008/004	Spain	Automobile industry / Castilla y Leon and Aragon	2 694 300	1 082
SEC(2008)2986	Commission	Technical assistance	690 000	---
EGF/2008/005	Spain	Textiles / Cataluña	3 306 750	1 720
EGF/2009/001	Portugal	Textiles / Norte - Centro	832 800	1 588
EGF/2009/002	Germany	Mobile phone sector (Nokia)	5 553 850	1 316
EGF/2009/004 EGF/2009/005	Belgium	Textiles / Oot en West Vlaanderen and Limburg regions	9 198 874	2 199
EGF/2009/008	Ireland	Computer manufacturing industry / Region of Mid-West (countries of Limerick, Clare, North Tipperary and the city of Limerick)	14 831 050	2 400



EGF/2009/007	Sweden	Automotive sector (Volvo)	9 839 674	4 687
EGF/2009/009	Austria	Automotive sector (Steiermark)	5 705 635	400
EGF/2009/011	Netherlands	Construction sector (Heijmans)	386 114	435
<b>TOTAL</b>			<b>53 039 047</b>	
<i>Margins</i>			<i>446 960 953</i>	

N.B. The Fund may not exceed a maximum amount of EUR 500 million per year

### III. Procedure

The Commission has presented a transfer request<sup>1</sup> in order to enter specific commitment and payment appropriations in the 2009 budget, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

The dialogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form (an exchange of letters), as provided for in Article 12(5) of the legal base, unless there is no agreement between the Parliament and the Council.

According to an internal agreement with the Employment and Social Affairs Committee (EMPL), this committee should be associated to the process, in order to provide constructive support and contribution to the implementation of the European Globalisation Adjustment Fund.

Following the assessment of the requests, the EMPL committee of the European Parliament gave its view on the mobilisation of the Fund, as expressed in the opinion attached to the present report.

The Joint Declaration of the European Parliament, the Council and the Commission, adopted during the conciliation meeting on 17 July 2008, has confirmed the importance of ensuring a rapid procedure with due respect of the Interinstitutional Agreement for the adoption of decisions on the mobilisation of the Fund.

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<sup>1</sup> DEC 48/2009 of 27 October 2009

## **ANNEX: OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

ES/sg  
D(2009)56200

M. Alain Lamassoure  
President of the Committee on budgets  
ASP 13E158

**Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the cases EGF/2009/007 SE/Volvo, EGF/2009/009 AT/Steiermark and EGF/2009/011 NL/Heijmans (COM(2009)515602 final/2)**

Dear Mr Lamassoure,

The EMPL Working Group on the EGF examined the mobilisation of the EGF for the cases EGF/2009/007 SE/Volvo, EGF/2009/009 AT/Steiermark and EGF/2009/011 NL/Heijmans on 3 November 2009.

Following this thorough examination, the following opinion was adopted by a Written Procedure to allow the timely adoption within the six-week period according to Art. 24§4 of the Financial Regulation:

### **General remark**

The EMPL committee would like to reiterate that the possibility to group proposals for decision on the mobilisation of the fund together into batches (Art. 12§3) puts into jeopardy the right of the budgetary authority to examine each application on the basis of its own merits.

- Therefore, EMPL asks again the Commission to submit from now on the proposals to authorise appropriations and the requests for the transfer of the amount to the EGF budget line separately for every single application.

### **Effects of the financial and economic crisis on the automotive industry**

Two of the cases at hand concern redundancies of the automotive sector. Hence, the EMPL committee

1. Is particularly worried about the impact of the financial and economic crisis on this

important European sector; points however to the fact that the automotive sector is not only suffering due to financial crisis and globalisation adjustment but also due to lack of willingness of the management to adapt to current challenges stemming from consumer needs as well as environmental impact;

2. Underlines, therefore, that the Commission in its Communication "Responding to the crisis in the European automotive industry" has presented an integrated approach to address structural problems by making the sector more competitive and more in tune with the needs of the future, of which EGF measures are only a part;
3. Deplores the lack of coordination of measures aimed at supporting this sector in the different national recovery plans

### **EGF/2009/007 SE/Volvo**

EMPL and its Working Group on the EGF are in favour of the mobilisation of the Fund concerning the Swedish request. Nevertheless, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL Committee are based on the following consideration:

- Whereas no detailed information is available on the participation of the ESF in the case at hand.
- Whereas out of 4.687 redundancies only those 1.500 workers who are most in need of assistance will be able to profit from the EGF contribution and whereas this group is not described any further;
- Whereas 1000 redundancies in the automotive sector are estimated to entail more than 1600 additional job losses in other sectors;

Therefore, EMPL calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution concerning the Swedish case:

1. Welcomes the implementation of the "generation change" making sure that younger workers are coached by older workers so as to provide for valuable skills being passed down to the next generation while the older generation is still in place and available to do the training, coaching and mentoring;
2. Notes that to complete the overall picture, Sweden should provide additional information on the measures put in place for those workers made redundant in the business and trade sectors, transport, construction, private services and haulage as well as in the R&D sector following the job losses in the automotive industry.
3. Would be interested to have more clarity on the approach of the Swedish authorities who will strive to make sure that a potential new employer of a potential business is already in place when the worker starts the package of tailor-made measures which seems to create a conditionality that could restrict the access of workers to assistance

financed by the EGF considerably EGF/2009/009 AT/Steiermark.

EMPL and its Working Group on the EGF are in favour of the mobilisation of the EGF concerning the Austrian request. Nevertheless, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL committee are based on the following considerations:

- Whereas, in this case, the measures financed by the EGF complement those measures supported by the ESF of which no detailed information is available;
- Whereas 80% of the costs for the personalised services are foreseen for 4 different kinds of allowances;

Therefore, EMPL calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution concerning the Austrian case:

1. Asks the Commission to provide the evidence requested by the EGF regulation that the criteria of Art. 6 are met;
2. Express its concern about the mismatch between the amount of the allowances, which should be considered as passive labour market measures, and the costs of the training measures.
3. Points out that a grant of 6500 Euro for each unemployed worker has been requested by Volvo Sweden, whereas in the Austrian case 14,300 Euro per job seeker has been requested. Expects therefore from the Commission a more exact examination of the proportionality of the costs of the requested measures.
4. Underlines that the financial envelope of the EGF allows for the support of high quality training measures in general and urges the Member States to make the best use of this opportunity in this time of crisis to step up the skills level of their workforce, a precondition to meet the challenges of globalisation.

#### **EGF/2009/011 NL/Heijmans**

EMPL and its Working Group on the EGF are in favour of the mobilisation of the EGF concerning the Dutch request.

In this respect, the EMPL Committee presents some remarks without, however, putting into question the transfer of the payments.

- Whereas there is no information on the impact of the crisis on the branches of the Heijmans Company in Belgium, Germany and the United Kingdom;
- Whereas, according to the EGF Regulation, in exceptional circumstances, Member States may submit joint requests for assistance from EGF;

- Whereas more than 400 additional job losses occurred at Heijmans N.V., mostly affecting workers with fixed-term contracts which are not included in the application;

Therefore, EMPL calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution concerning the Dutch case:

1. Welcomes the approach that additional collective measures financed by the EGF are put in place to supplement measures of individual assistance already undertaken by the Dutch authorities;
2. Would be interested to receive clarification on measures taken to help workers, mostly with fixed-term contracts, who lost their jobs in Heijmans N.V. but were not included in the application;
3. Reiterates the necessity of making sure that the financial assistance from the EGF does not replace measures which are the responsibility of companies, in particular in cases such as the one at hand, where the application was largely prepared by companies dismissing workers themselves.
4. Invites Member States that find themselves in a situation where job losses occur in two or more of them, similar to that of Heijmans N.V., to use the possibility of submitting joint requests for assistance from EGF as provided by the Regulation.
5. Points out that the company's change of strategy has played a part in contributing to the job losses of employees. (Amendment of EPP)

**Remarks on all applications:**

1. Reminds the Commission that Art. 12§4 of the Regulation asks for "evidence that the criteria laid down in Art. 2 and 6 are met". In this respect, Members are not satisfied with the simple confirmation of the respective authorities that the proposed measures complement other actions co-financed by the Structural Funds.
2. Recalls its request for more detailed information in the applications on the implementation of equality between men and women and non-discrimination in the framework of the EGF.

Yours sincerely,

Pervenche Berès

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	2.12.2009
<b>Result of final vote</b>	+: 28 -: 1 0: 0
<b>Members present for the final vote</b>	Marta Andreasen, Francesca Balzani, Reimer Böge, Giovanni Collino, Andrea Cozzolino, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Carl Haglund, Jiří Havel, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Ivailo Kalfin, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Barbara Matera, Claudio Morganti, Nadezhda Neynsky, László Surján, Angelika Werthmann
<b>Substitute(s) present for the final vote</b>	Giovanni La Via, Paul Rübig, Peter Šťastný, Derek Vaughan