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A8-0363/2015

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REPORT

on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (application EGF/2015/006 - IE/PWA International, from Ireland)
(COM(2015)0555 – C8-0329/2015 – 2015/2295(BUD))

Committee on Budgets

Rapporteur: Victor Negrescu

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	7
EXPLANATORY STATEMENT	9
ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS	11
ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT	13
RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE	14

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (application EGF/2015/006 - IE/PWA International, from Ireland)
(COM(2015)0555 – C8-0329/2015 – 2015/2295(BUD))**

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2015)0555 – C8-0329/2015),
 - having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹ (EGF Regulation),
 - having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020², and in particular Article 12 thereof,
 - having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management³ (IIA of 2 December 2013), and in particular point 13 thereof,
 - having regard to the trilogue procedure provided for in point 13 of the IIA of 2 December 2013,
 - having regard to the letter of the Committee on Employment and Social Affairs,
 - having regard to the letter of the Committee on Regional Development,
 - having regard to the report of the Committee on Budgets (A8-0363/2015),
- A. whereas the Union has set up legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns or of the global financial and economic crisis 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 to the IIA of 2 December

¹ OJ L 347, 20.12.2013, p. 855.

² OJ L 347, 20.12.2013, p. 884.

³ OJ C 373, 20.12.2013, p. 1.

2013 in respect of the adoption of decisions to mobilise the European Globalisation Adjustment Fund (EGF);

- C. whereas the adoption of the EGF Regulation reflects the agreement reached between the Parliament and the Council to reintroduce the crisis mobilisation criterion, to set the Union financial contribution to 60 % of the total estimated cost of proposed measures, to increase efficiency for the treatment of EGF applications in the Commission and by the Parliament and the Council by shortening the time for assessment and approval, to widen eligible actions and beneficiaries by introducing self-employed persons and young people and to finance incentives for setting up own businesses;
- D. whereas Ireland submitted application EGF/2015/006 IE/PWA International for a financial contribution from the EGF following 108 redundancies in PWA International Ltd (PWA) , operating in the NACE Rev. 2 division 33 ('Repair and installation of machinery equipment')¹ in the NUTS² level 2 region of Southern and Eastern Ireland, and whereas all redundant workers are expected to participate in the measures;
- E. whereas the application does not fulfil the traditional eligibility criteria set down by the EGF Regulation in terms of number of redundancies and is submitted under the intervention criteria of Article 4(2) of that Regulation, which allows for derogation under exceptional circumstances;
1. Agrees with the Commission that the arguments put forward by Ireland qualify as "exceptional circumstances" and that, therefore, Ireland is entitled to a financial contribution of EUR 442 293 under that Regulation;
 2. Notes that the Irish authorities submitted the application for a financial contribution from the EGF on 19 June 2015, and that its assessment was finalised by the Commission on 6 November 2015; welcomes the speedy evaluation period of less than five months;
 3. Notes that PWA was established in 1989 in Rathcoole, Co Dublin as a joint venture between United Technologies Corporation and Lufthansa Technik Airmotive Ireland.
 4. Notes that Ireland specialised in the Maintenance Repair and Overhaul (MRO) sector in the 1990's, which served it well at that time, but made it particularly vulnerable to the recent trend to locate MRO activity near centres of global aviation expansion, i.e. Asia, and to the adverse impacts of global trade deals; considers the existence of two other Irish EGF applications in the "repair and installation of machinery and equipment" sector³ as proof of this vulnerability; notes also that MRO activities have been seriously affected in Europe, in particular Ireland, with the closure of SR Technics in 2009 and the closure of

¹ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

² Commission Regulation (EU) No 1046/2012 of 8 November 2012 implementing Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS) as regards the transmission of the time series for the new regional breakdown (OJ L 310, 9.11.2012, p. 34).

³ EGF/2014/016 IE/Lufthansa Technik (COM(2013)0047) and EGF/2009/021 IE/SR Technics (COM(2010)0489).

Lufthansa Technik Airmotive Ireland in 2014 which resulted in the loss of approximately 1520 jobs;

5. Notes that although the South Dublin unemployment rate (11,61 %) is only slightly higher than the national average (10,83 %), these figures conceal pockets of considerable local disadvantage and that the closure of PWAI has had a serious impact on employment and on the local, regional or national economy based on the pre-existing difficult situation in the area combined with the cumulative effect of three major closures in the MRO sector within a short period;
6. Agrees that the pre-existing difficult situation in the area, combined with the cumulative effect of three major closures in the MRO sector within a short period, and the fact that no employers in this sector remain in Ireland may justify a derogation from the threshold of 500 redundancies set out in article 4(1) of the EGF regulation; reiterates, in this regard, its recommendation to the Commission to either clarify the derogation criteria set out in Article 4(1) of the EGF Regulation, or lower the threshold of 500 workers being made redundant;
7. Welcomes the fact that, in order to provide workers with speedy assistance, the Irish authorities decided to initiate the implementation of the personalised services to the affected workers on 22 May 2015, well ahead of the decision on the granting of EGF support for the proposed coordinated package;
8. Further welcomes the fact that 108 young people not in employment, education or training (NEETs) under the age of 25 on the date of submission of the application will also have access to personalised services co-financed by the EGF;
9. Notes that Ireland is planning five types of measures for redundant workers covered by this application: (i) guidance and career planning and development, (ii) EGF Training Grants, (iii) Training and Further Education Programmes, (iv) Higher Education Programmes, and (v) Time Limited Allowances; recommends that this EGF programme follows a programme similar to the EGF programme for SR Technics which led to positive outcomes with 53,45 % of beneficiaries back in employment in September 2012, less than 12 months after the programme ended; notes that the expenditure for those measures will be eligible for a financial contribution from the EGF between 22 May 2014 and 19 June 2017;
10. Welcomes the variety of training measures to be provided to the beneficiaries; notes that the enterprise and self-employment support measures will only be available to a limited number of beneficiaries;
11. Notes that the authorities estimate that 24,81 % of the costs will be used for time limited allowances, which remains much below the maximum allowed 35 % of all costs;
12. Notes that the coordinated package of personalised services has been drawn up in consultation with the social partners;
13. Recalls that, in line with Article 7 of the EGF Regulation, the design of the coordinated package of personalised services supported by the EGF should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a

resource-efficient and sustainable economy;

14. Recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout a worker's professional career; expects the training on offer in the coordinated package to be adapted not only to the needs of the dismissed workers but also to the actual business environment;
15. Notes that the Irish authorities confirm that the eligible actions do not receive assistance from other Union financial instruments; reiterates its call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect for existing regulations and that no duplication of Union-funded services can occur;
16. Appreciates the improved procedure put in place by the Commission, following the Parliament's request for the accelerated release of grants; notes the time pressure that the new timetable implies and the potential impact on the effectiveness of case instruction;
17. Calls on the Commission to ensure that trade policy decisions are examined from the perspective of their potential impact on the Union labour market;
18. Regrets that EGF mobilisation is proposed for only 108 redundant employees who are to benefit from the instrument and points out that wider interpretation of Article 4(1) of the EGF Regulation may not be appropriate;
19. Observes that this proposal aims to mobilise the EGF with effectively the smallest number of laid off workers proposed so far;
20. Notes that almost 80 % of the redundant employees are aged 30-54 and therefore represent a highly employable group with lower risk of long-term unemployment;
21. Points out that all 108 redundancies are in the economic sector classified as "repair and installation of machinery and equipment", and more specifically aviation jet engines, which renders the workers skilled and adaptable to the labour market;
22. Underlines that the redundancies took place in Rathcoole, which is located in the vicinity of Dublin, an economic and industrial hub where decreasing unemployment, increased business activity and overall economic growth are observed;
23. Draws attention to the fact that any reference to application EGF/2009/021 IE/SR Technics is too far reaching as the case in question dates back to 2009;
24. Approves the decision annexed to this resolution;
25. 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*;
26. 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

on the mobilisation of the European Globalisation Adjustment Fund (application from Ireland – EGF/2015/006 IE/PWA International)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006¹, and in particular Article 15(4) thereof,

Having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management², and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) aims to provide support for workers made redundant and self-employed persons whose activity has ceased as a result of major structural changes in world trade patterns due to globalisation, as a result of a continuation of the global financial and economic crisis, or as a result of a new global financial and economic crisis, and to assist them with their reintegration into the labour market.
- (2) The EGF is not to exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Council Regulation (EU, Euratom) No 1311/2013³.
- (3) On 19 June 2015, Ireland submitted an application EGF/2015/006 IE/PWA International for a financial contribution from the EGF, following redundancies in PWA International Ltd. and one supplier in Ireland. It was supplemented by additional information provided in accordance with Article 8(3) of Regulation (EU) No 1309/2013. That application complies with the requirements for determining a financial contribution from the EGF in accordance with Article 13 of that Regulation.

¹ OJ L 347, 20.12.2013, p. 855.

² OJ C 373, 20.12.2013, p. 1.

³ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

- (4) In accordance with Article 6(2) of Regulation (EU) No 1309/2013, Ireland has decided to provide personalised services co-financed by the EGF also to 108 young persons not in employment, education or training (NEETs).
- (5) In accordance with Article 4(2) of Regulation (EU) No 1309/2013, the application from Ireland is considered admissible since the redundancies have a serious impact on employment and the local, regional or national economy.
- (6) The EGF should, therefore, be mobilised in order to provide a financial contribution of EUR 442 293 in respect of the application submitted by Ireland.
- (7) In order to minimise the time taken to mobilise the EGF, this decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2015, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 442 293 in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the *Official Journal of the European Union*. It shall apply from [the date of its adoption]*.

Done at ,

For the European Parliament
The President

For the Council
The President

* Date to be inserted by the Parliament before the publication in OJ.

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 Article 12 of Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020¹ and of Article 15 of Regulation (EU) No 1309/2013², the Fund may not exceed a maximum annual amount of EUR 150 million (2011 prices). The appropriate amounts are entered into the general budget of the Union as a provision.

As concerns the procedure, according to point 13 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management³, 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 the event of disagreement, a trilogue shall be initiated.

II. The PWA International application and the Commission's proposal

On 6 November, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Ireland to support the reintegration in the labour market of workers made redundant in PWA International Ltd, operating in the economic sector classified under NACE Rev. 2 division 33 ('Repair and installation of machinery and equipment') as well as for the integration into the labour market of 108 young people not in employment, education or training (NEETs).

This is the sixteenth application to be examined under the 2015 budget and refers to the mobilisation of a total amount of EUR 442 293 from the EGF for Ireland. It concerns 108 workers made redundant in PWA International. The application was sent to the Commission on 19 June 2015 and supplemented by additional information up to 14 August 2015. The Commission has concluded, in accordance with all applicable provisions of the EGF Regulation, that the application meets the conditions for a financial contribution from the EGF.

The Irish authorities state that the event giving rise to the redundancies in PWA International is the closure of PWAI, following the company's decision to consolidate the company's operations in North America and Asia as a result of a trend towards locating MRO activity near centres of global aviation expansion, and the adverse impacts of global trade deals.

The personalised services which are to be provided to workers made redundant consist of five types of measures, (i) Guidance and career planning and development, (ii) EGF Training

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 347, 20.12.2013, p. 855.

³ OJ C 373, 20.12.2013, p. 1.

Grants, (iii) Training and Further Education Programmes, (iv) Higher Education Programmes, and (v) Time Limited Allowances.

According to the Commission, the described measures constitute active labour market measures within the eligible actions set out in Article 7 of the EGF Regulation. These actions do not substitute passive social protection measures.

The Irish authorities have provided all necessary assurances regarding the following:

- the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation,
- the requirements laid down in national and EU legislation concerning collective redundancies have been complied with,
- the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented,
- the proposed actions will be complementary with actions funded by the Structural Funds,
- the financial contribution from the EGF will comply with the procedural and material Union rules on State aid.

Ireland has notified the Commission that the source of national pre-financing is the Irish Exchequer, which will also co-fund the programme. Expenditure will be drawn from the National Training Fund and voted expenditure subheads of the Department of Education and Skills and other relevant Government Departments.

III. Procedure

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a global amount of EUR 442 293 from the EGF reserve (40 02 43) to the EGF budget line (04 04 01).

This is the sixteenth transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2015.

The trilogue procedure shall be initiated in the event of disagreement, as provided for in Article 15(4) of the EGF Regulation.

According to an internal agreement, the Employment and Social Affairs Committee should be associated to the process, in order to provide constructive support and contribution to the assessment of the applications from the Fund.

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

ZP/jb D(2015)55353

M. Jean Arthuis
Chair of the Committee on Budgets
ASP 09G205

Subject: Opinion on the mobilisation of the European Globalisation Adjustment Fund (EGF) for the case EGF/2015/006 IE/PWA International from Ireland (COM(2015)555)

Dear Chair,

The Committee on Employment and Social Affairs (EMPL) as well as its Working Group on the EGF examined the mobilisation of the EGF for the case EGF/2015/006 IE/PWA International and adopted the following opinion.

The EMPL committee and the Working Group on the EGF are in favour of the mobilisation of the Fund concerning this request. In this respect, 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:

- A) Whereas this application is based on Article 4(2) of Regulation (EU) No 1309/2013 (EGF Regulation) and relates to 108 workers in PWA International Ltd. and one supplier, operating in the NACE Rev. 2 Division 33 (Repair and installation of machinery and equipment) in the Southern and Eastern region of Ireland within the reference period from 19 December 2014 to 19 April 2015; whereas the application furthermore relates to 108 young persons not in employment, education or training (NEETs);
- B) Whereas in order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation Ireland argues that the closure of PWAI, a Maintenance Repair and Overhaul (MRO) enterprise and a joint venture between United Technologies Corporation's Pratt & Whitney (P&W) and Singapore Airlines Engineering Company (SIAEC), was made to consolidate the company's operations in North America and Asia by the phased transfer from PWAI to other repair facilities within the P&W network, namely P&W PSD based in Arkansas (USA) and Eagle Services Asia based in Singapore;
- C) Whereas over the past 10 years Asia-based customers have accounted for approximately 50 % of PWAI's business and another 40 % of PWAI's business has been with USA-based customers and only 10 % with European customers;

- D) Whereas the vast majority (90.74%) of the workers targeted by the measures are men and 9.26% are women; whereas 78.7% of the workers are between 30 and 54 years old, and 15.74% between 55 and 64 years old

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to integrate the following suggestions in its motion for a resolution concerning the Irish application:

1. Agrees with the Commission that the intervention criteria set out in Article 4(2) of the Regulation (EU) No 1309/2013 are met and that, therefore, Ireland is entitled to a financial contribution under this Regulation;
2. Points out that the derogation from Article 4(1)(a) of the Regulation in this case relates to a number of redundancies which is significantly lower than the threshold of 500 redundancies; accepts the argument of the Irish authorities for this derogation and welcomes that the application includes an equal number of NEETs to be supported by the measures;
3. Notes that since the redundancies of PWAI occurred later than those of Lufthansa Technik – which operated in the same sector – these workers could not have been involved in a sectoral application covering the dismissals in the two enterprises together; considers therefore that these redundancies can only be addressed in this separate application;
4. Points out that PWAI could have been negatively affected by the lack of a provision of the EU-Korea Free Trade Agreement (FTA) which would exempt repaired goods from customs duties on re-entry; draws attention to a similar provision in the US-Korea FTA, which results in preferential conditions for US companies which could also contribute to the market loss of PWAI as compared to US enterprises operating in the same sector;
5. Welcomes the variety of training measures to be provided to the beneficiaries; notes that the enterprise and self-employment support measures will only be available to a limited number of beneficiaries;
6. Calls on the Commission to ensure that trade policy decisions are examined from the aspect of their potential impact on the EU labour market;
7. Notes that the authorities estimate that 24.81% of the costs will be used for time limited allowances, which remains much below the maximum allowed 35% of all costs;
8. Reminds that in line with Article 7 of the Regulation, the design of the coordinated package of personalised services should anticipate future labour market perspectives and required skills and should be compatible with the shift towards a resource-efficient and sustainable economy.

Yours sincerely,

Marita ULVSKOG,

ANNEX: LETTER OF THE COMMITTEE ON REGIONAL DEVELOPMENT

Mr Jean ARTHUIS
Chairman
Committee on Budgets
European Parliament

Dear Mr Arthuis,

Subject: **Mobilisation of the European Globalisation Adjustment Fund**

A Commission proposal for a decision to mobilise the European Globalisation Adjustment Fund (EGF) has been referred for opinion to the Committee on Regional Development. I understand that it is intended that a report on this will be adopted in the Committee on Budgets on 10 December 2015:

- **COM(2015)0555** proposes an EGF contribution of EUR 442 293 for active labour market measures in order to facilitate the re-integration into the labour market of 108 workers made redundant in the sector of repair and installation of machinery and equipment, in Southern and Eastern Ireland.

The rules applicable to financial contributions from the EGF are laid down in Regulation (EU) No 1309/2013 of the European Parliament and of the Council of 17 December 2013 on the European Globalisation Adjustment Fund (2014-2020) and repealing Regulation (EC) No 1927/2006.

The Committee coordinators have assessed this proposal, and asked me to write to you reporting that the majority of this Committee has no objection to this mobilisation of the European Globalisation Adjustment Fund to allocate the above-mentioned amount as proposed by the Commission.

Yours sincerely,

Iskra MIHAYLOVA

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	10.12.2015
Result of final vote	+ : 18 - : 6 0 : 0
Members present for the final vote	Jean Arthuis, Richard Ashworth, Lefteris Christoforou, Gérard Deprez, José Manuel Fernandes, Eider Gardiazabal Rubial, Bernd Kölmel, Vladimír Maňka, Ernest Maragall, Clare Moody, Siegfried Mureşan, Liadh Ní Riada, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Eleftherios Synadinos, Isabelle Thomas, Inese Vaidere, Monika Vana, Marco Zanni, Auke Zijlstra
Substitutes present for the final vote	Anneli Jäätteenmäki, Andrey Novakov, Marco Valli