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Committee on Budgets

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DRAFT 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)0371 – C7-XXXX/2009 – 2009/2066(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)0371 – C7-XXXX/2009 – 2009/2066(BUD))**

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2009)0371 – C7-XXXX/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 (IIA of 17 May 2006)¹, 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 Fund² (EGF Regulation),
 - having regard to the report of the Committee on Budgets and the opinion of the Committee on Employment and Social Affairs (A7-0000/2009),
- 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 Spain and Portugal have requested assistance in respect of cases concerning redundancies in the textiles sector, respectively in the regions of Cataluña³ and Norte-Centro⁴ and have fulfilled the eligibility criteria set up by the EGF Regulation,
1. Requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the Fund;
 2. Stresses that the European Union should use all its means to face the consequences of the

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ EGF/2008/005 ES/Cataluña.

⁴ EGF/2009/001 PT/Norte-Centro.

global economic and financial crisis; notes, in this respect, that the EGF can play a crucial role in the reintegration of the workers made redundant into the labour market;

3. Recalls that the mobilisation of the EGF in payment appropriations should not jeopardise the funding of the European Union Social Fund; expresses some doubts about whether complementarity with other existing instruments like the EU Social Fund is guaranteed;
4. Undertakes to evaluate the functioning and added value of the EGF 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;
5. Approves the decision annexed to this resolution;
6. 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;
7. 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 September 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,

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 management¹, 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 Fund², and in particular Article 12(3) thereof,

having regard to the proposal from the Commission³,

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 Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.
- (3) Spain submitted an application to mobilise the EGF, in respect of redundancies in the textiles sector, on 29 December 2008. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006. The Commission therefore proposes to deploy an amount of EUR 3 306 750.
- (4) Portugal submitted an application to mobilise the EGF, in respect of redundancies in the textiles sector, on 23 January 2009. This application complies with the requirements for determining the financial contributions as laid down in Article 10 of

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ OJ C [...], [...], p. [...]

Regulation (EC) No 1927/2006. The Commission therefore proposes to deploy an amount of EUR 832 800.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the applications submitted by Spain and Portugal,

HAVE DECIDED AS FOLLOWS:

Article 1

For the general budget of the European Union for the financial year 2009, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of **EUR 4 139 550** 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 management¹ and of the Article 12 of Regulation (EC) No 1927/2006², 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 is 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 4.139.550** from the European Globalisation Adjustment Fund (EGF) in favour of Spain and Portugal, in order to cover the assistance to workers made redundant in textiles sector in the regions of Cataluña (Spain) and Norte-Centro (Portugal).

Both applications are based on the criteria set out by the Article 2(b) of the Regulation (EC) No 1927/2006, relating to the general intervention criteria (at least 1.000 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 Spanish application, EGF/2008/005/ES/Cataluña, submitted to the Commission on 29 December 2008 and supplemented with additional information on 13 March 2009, relates to 1.720 redundancies occurred in 30 enterprises operating in textiles sector, all located in a single region at NUTS II level, in Cataluña. Spanish authorities applied for **EUR 3.306.750** from the Fund.

The Portuguese application, EGF/2009/001/PT/Norte-Centro, has been submitted to the Commission on 29 January 2009. It refers to 1.588 redundancies occurred in 49 enterprises operating in Portuguese textile sector (NACE 13) in two contiguous regions of Norte and Centro. Portugal has applied for **EUR 832.800** from the EGF.

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request (DEC18//2009) for a global amount of EUR 4.139.550 from the EGF reserve

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

(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 second proposal for the mobilisation of the Fund in 2009. So far, two applications have been accepted for funding in 2009 for a global amount of EUR 3.384.300 in favour of Spain (Castilla y Leon and Aragon) and Commission's technical assistance.

In accordance with the article 12(6) of the legal base, on 1st September of each year, at least EUR 125 million (25%) should remain available in order to cover the needs arising until the end of the year. After deduction of the amount already committed in 2009, EUR 496.615.700 remain available.

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
<i>SEC(2008)2986</i>	<i>Commission</i>	<i>Technical assistance</i>	<i>690 000</i>	<i>---</i>
EGF/2008/005	Spain	Textiles / Cataluña	3 306 750	1 720
EGF/2009/001	Portugal	Textiles / Norte - Centro	832 800	1 588
TOTAL			7 523 850	
<i>Margins</i>			<i>492 476 150</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 request¹ 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 trialogue 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.

¹ DEC 18/2009 of 16 July 2009

Following the assessment of the requests, the EMPL committee of the European Parliament gave their views 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.

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS