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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 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/2014/007 IE/Andersen Ireland, submitted by Ireland)
(COM(2014)0616 – C8-0173/2014 – 2014/2098(BUD))

Committee on Budgets

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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 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/2014/007 IE/Andersen Ireland, submitted by Ireland) (COM(2014)0616 – C8-0173/2014 – 2014/2098(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2014)0616 – C8-0173/2014),
 - 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 (A8-0000/2014),
- 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 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 2

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.

December 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 increase 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 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/2014/007 IE/Andersen Ireland for a financial contribution from the EGF, following 171 redundancies in Andersen Ireland Limited, operating in the NACE Rev. 2 division 32 ('Manufacture of jewellery, bijouterie and related articles'), during the reference period from 21 October 2013 to 21 February 2014,
- E. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,
1. Notes that the Irish authorities submitted the application under the intervention criteria of Article 4(2) of the EGF Regulation, derogating from the criteria of Article 4(1)(a), which requires at least 500 workers being made redundant or self-employed persons' activity ceasing, over a reference period of four months in an enterprise in a Member State;
 2. Agrees with the Commission that the exceptional circumstances put forward by the Irish authorities, i.e. that the redundancies have a serious impact on employment and the local and regional economy, justify a derogation to the 500 redundancies threshold and that, therefore, Ireland is entitled to a financial contribution under that Regulation;
 3. Notes that the Irish authorities submitted the application for EGF financial contribution on 16 May 2014, and that its assessment was made available by the Commission on 3 October 2014; welcomes the speedy evaluation of less than five months;
 4. Considers that the 171 redundancies in Andersen Ireland Limited are linked to major structural changes in world trade patterns due to globalisation, with the EU jewellery sector being outstripped four-fold by imports within 4 years (2008 to 2012), out of which 95% from Asia;
 5. Notes that this is the first EGF application for workers made redundant in the sector of jewellery, bijouterie and related articles, a sector that also suffers from the increase of online sales and could therefore be further weakened;
 6. Notes that these redundancies will further aggravate the unemployment situation in the region, as Andersen Ireland was a major employer in this mainly rural area which already had an unemployment rate (39.3 %) twice as important as the national average (19 %);
 7. Notes that in addition to the 171 redundancies, the Irish authorities will provide personalised services co-financed by the EGF to up to 138 young people not in employment, education or training (NEETs) under the age of 25 on the date of submission of the application;

8. 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 21 October 2013, well ahead of the final decision on granting the EGF support for the proposed coordinated package;
9. Notes that the coordinated package of personalised services to be co-funded will seek to open the widest possible range of employment opportunities in an area where there are few expanding sectors or production sites and will require significant upskilling of the redundant workers;
10. Notes the fact that the coordinated package of personalised services has been drawn up in consultation with the targeted beneficiaries and the representatives of the targeted beneficiaries as well as the social partners and welcomes the intention to establish a consultative forum to complement the work of the EGF Co-ordination Unit in order to afford the redundant workers with the opportunity to input on an ongoing basis to the EGF programme's implementation;
11. Welcomes the set-up of an office of the EGF Co-ordination Unit in close proximity to the affected location which will serve as a one-stop shop for the workers and NEETs;
12. Notes that the personalised services which are to be provided to workers made redundant consist of the following actions which combine to form a co-ordinated package of personalised services: occupational guidance and career planning supports, EGF Training Grants, training and second level education programmes, third level education programmes, skillsnets training supports, enterprise/self-employment supports, income supports including course expense contributions;
13. Welcomes that the principles of equality of treatment and non-discrimination will be respected in the access to the proposed actions and their implementation;
14. Approves the decision annexed to this resolution;
15. 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;
16. 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, 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/2014/007 IE/Andersen Ireland, submitted by Ireland)

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 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 between the European Parliament, the Council and the Commission of 2 December 2013 on budgetary discipline, on cooperation in budgetary matters and on sound financial management³, and in particular point 13 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established 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 addressed in Regulation (EC) No 546/2009⁴, 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 shall not exceed a maximum annual amount of EUR 150 million (2011 prices), as laid down in Article 12 of Regulation (EU, Euratom) No 1311/2013.
- (3) Ireland submitted an application to mobilise the EGF, in respect of redundancies in Andersen Ireland Limited in Ireland, on 16 May 2014 and supplemented it by additional information as provided for in Article 8(3) of Regulation (EU) No

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.

⁴ OJ L 167, 29.6.2009, p.26.

1309/2013. This application complies with the requirements for determining a financial contribution from the EGF as laid down in Article 13 of Regulation (EU) No 1309/2013.

- (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 NEETs.
- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution of an amount of EUR 1 501 200 for the application submitted by Ireland,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2014, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 1 501 200 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

For the Council

The President

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 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 Andersen Ireland Limited application and the Commission's proposal

On 3 October 2014, 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 Andersen Ireland Limited operating in the economic sector classified under NACE Rev. 2 division 32 ('Manufacture of jewellery, bijouterie and related articles') due to globalisation. Additionally, the Irish authorities will provide personalised services co-financed by the EGF to up to 138 young people not in employment, education or training (NEETs) under the age of 25 on the date of submission of the application, given that the redundancies occur in the NUTS level 2 region of Southern and Eastern (IE02), which is eligible under the Youth Employment Initiative.

This is the fourteenth application to be examined under the 2014 budget and refers to the mobilisation of a total amount of EUR 1 501 200 from the EGF for Ireland. It concerns a total of 276 beneficiaries. The application was sent to the Commission on 16 May 2014 and supplemented by additional information up to 11 July 2014. 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 argue that in terms of both volume and value, non-EU imports have come to dominate the EU costume (i.e. fashion) jewellery market for the past five years or more. In 2008, Eurostat figures cited by Ireland show that sales within the EU by both EU and non-EU producers started from an almost identical position of 56 000 tonnes in volume of

¹ OJ L 347, 20.12.2013, p. 884.

² OJ L 347, 30.12.2013, p. 855.

³ OJ C 373, 20.12.2013, p. 1.

product. Both experienced drops in volume, perhaps attributable to the aftermath of the 2008/2009 global economic and financial crisis. However, while the EU volume of product sold in the EU market dropped to 10 600 tonnes in 2012, the non-EU imported product, though dropping also, dropped far less to 45 700 tonnes.

Where there had been parity in 2008, four year later the EU was outstripped four-fold by imports. Of this volume of non-EU product, 95% was imported from mostly Asian countries such as China, India, Thailand, and the Philippines. These are precisely the same locations where several companies based in the EU had meanwhile moved their production facilities, including market leaders Folli Follie and Swarovski.

The Irish authorities argue that the redundancies have a significant adverse impact on the local and regional economy, as Andersen Ireland was a major employer in this mainly rural area, where the unemployment rate (39.3 %) was more than double the national average (19 %).

The personalised services which are to be provided to workers made redundant consist of the following actions which combine to form a co-ordinated package of personalised services: Occupational guidance and career planning supports, EGF Training Grants, Training and second level education programmes, Third level education programmes, Skillsnets training supports, Enterprise/self-employment supports, Income supports including course expense contributions.

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 dismissing enterprise has complied with its legal obligations governing the redundancies and has provided for the workers accordingly;
- the proposed actions will provide support for individual workers and will not be used for restructuring companies or sectors;
- 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.
- the proposed actions will not receive financial support from other Union funds or financial instruments and any double financing will be prevented;

Ireland has notified the Commission that the sources of national pre-financing or co-funding are the Irish Exchequer, which is pre-financing the services and will also co-finance the programme upon approval of the EGF contribution. 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. The financial contribution will be managed by the designated staff of the Department of Education and Skills, who have been appointed as the EGF Managing Authority. The Managing Authority examines and pays EGF claims submitted by Intermediate Bodies on behalf of public expenditure bodies.

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 1 501 200 from the EGF reserve (40 02 43) to the EGF budget line (04 04 01).

This is the fourteenth transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2014.

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.