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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 (application EGF/2011/026 IT/Emilia-Romagna Motorcycles from Italy)
(COM(2012)0616 – C7-0350/2012 – 2012/2265(BUD))

Committee on Budgets

Rapporteur: Frédéric Daerden

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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 (application EGF/2011/026 IT/Emilia-Romagna Motorcycles from Italy)

(COM(2012)0616 – C7-0350/2012 – 2012/2265(BUD))

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2012)0616 – C7-0350/2012),
 - 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 management¹ (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 Fund² (EGF Regulation),
 - having regard to the trilogue procedure provided for in point 28 of the IIA of 17 May 2006,
 - having regard to the letter of the Committee on Employment and Social Affairs,
 - having regard to the report of the Committee on Budgets (A7-0416/2012),
- A. whereas the Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering as a result of major structural changes in world trade patterns and to assist their reintegration into the labour market,
- B. whereas the scope of the European Globalisation Adjustment Fund (EGF) was broadened for applications submitted from 1 May 2009 to include support for workers made redundant as a direct result of the global financial and economic crisis,
- C. 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 EGF,
- D. whereas Italy has requested assistance for 512 redundancies, 502 of which are targeted for assistance in ten enterprises operating in division 30 of NACE Revision 2

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

(Manufacture of other transport equipment)¹ in the NUTS II region of Emilia-Romagna (ITH5) in Italy.

- E. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,
1. Agrees with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that Italy is therefore entitled to a financial contribution under that Regulation; notes that the number of dismissed employees lies just above the intervention criteria;
 2. Notes that the Italian authorities submitted the application for EGF financial contribution on 30 December 2011 and that its assessment was made available by the Commission on 19 October 2012; regrets the lengthy evaluation period of 10 months;
 3. Welcomes the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to start the implementation of the measures on 1 March 2012, ahead of the final decision about granting EGF support for the proposed coordinated package;
 4. Recalls the importance of improving the employability of all workers by means of adapted training and recognition of skills and competences gained throughout workers' professional careers; expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the current business environment;
 5. Welcomes the fact that the measures were designed in consultation with the social partners in several meetings;
 6. Emphasises the fact that lessons should be learned from the preparation and implementation of this and other applications addressing the mass dismissal of workers;
 7. Regrets that the information about the training measures in the Commission proposal does not describe the sectors in which workers are likely to find employment and if the training on offer is adapted to future economic prospects and labour market needs in the region;
 8. Requests that the institutions involved make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF; appreciates the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting the Commission's assessment on the eligibility of an EGF application, along with the proposal to mobilise the EGF, to the budgetary authority; hopes that further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020) and that greater efficiency, transparency

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).

and visibility of the EGF will be achieved;

9. Recalls the institutions' commitment to ensuring a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF, providing one-off, time-limited individual support which is geared towards helping workers who have been made redundant as a result of globalisation and the financial and economic crisis; emphasises the role that the EGF can play in the reintegration of workers made redundant into the labour market;
10. Stresses that, in accordance with Article 6 of the EGF Regulation, it should be ensured that the EGF supports the reintegration of individual redundant workers into employment; further stresses that the EGF assistance can only co-finance active labour market measures which lead to durable, long-term employment; reiterates that assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors; deplores the fact that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
11. Notes that the information provided about the coordinated package of personalised services to be funded from the EGF includes information about how it complements actions funded by the Structural Funds; reiterates its call to the Commission to present a comparative evaluation of those data in its annual reports in order to ensure full respect of the existing regulations and that no duplication of Union-funded services can occur;
12. Regrets that the payment appropriations of EUR 50 000 000 on the EGF budget line (line 04 05 01) in the 2012 budget have proved to be insufficient to cover all needed payments; regrets that the Commission has proposed to partially cover this payment through a transfer of EUR 1 160 745 in payment appropriations from European Progress Microfinance Facility (line 04 04 15) instead of asking for fresh money through Draft Amending Budget No 6/2012 as it justifiably did for other requests for EGF mobilisation and a part of the current request (EUR 1 497 750); recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid transfers from other budget lines, as has happened in the past, which is detrimental to the achievement of the policy objectives of the EGF;
13. Regrets the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay;
14. Approves the decision annexed to this resolution;
15. Instructs its President to sign the decision with the President of the Council and to 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 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 (application EGF/2011/026 IT/Emilia-Romagna from Italy).

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 the Interinstitutional 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 European Commission³,

Whereas:

- (1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation 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 30 December 2011 to include support for workers made redundant as a direct 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) Italy submitted an application to mobilise the EGF, in respect of redundancies in ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment) in the NUTS II region of Emilia-Romagna (ITH5) in Italy on 30 December 2011 and supplemented it by additional information, the last of which was supplied on 10 September 2012. This application complies with the requirements for determining the financial contributions set out in Article 10 of Regulation (EC) No

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ OJ C [...], [...], p. [...].

1927/2006. The Commission therefore proposes to mobilise an amount of EUR 2 658 495.

- (5) The EGF should, therefore, be mobilised in order to provide a financial contribution for the application submitted by Italy,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2012, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 2 658 495 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 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

On 19 October 2012, the Commission adopted a new proposal for a decision on the mobilisation of the EGF in favour of Italy in order to support the reintegration in the labour market of workers made redundant due to major structural changes in world trade patterns due to globalisation.

This is the fifteenth application to be examined under the 2012 budget and refers to the mobilisation of a total amount of EUR 2 658 495 from the EGF for Italy. It concerns 512 redundancies in ten enterprises operating in division 30 of NACE Revision 2 (Manufacture of other transport equipment) during the nine-month reference period between 28 February 2011 and 28 November 2011. Of these 512 redundancies, 63 were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006, and 449 with the third indent of the same paragraph. The Commission informs that it has received confirmation on 19 July 2012 that the individuals recognised under the third indent of the second paragraph of Article 2 had been made redundant (*esuberi*).

The application was presented to the Commission on 30 December 2011 and supplemented by additional information up to 10 September 2012. The Commission has concluded that the application meets the conditions for deploying the EGF as set out in Article 2(b) of Regulation (EC) No 1927/2006, and was submitted within the deadline of 10 weeks referred to in Article 5 of that Regulation.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

One of the key criteria for Commission's assessment was the evaluation of the link between the redundancies and major structural changes in world trade patterns due to globalisation.

In order to demonstrate the link between the redundancies and the global financial and economic crisis, the Italian authorities indicated that registrations of powered two-wheelers in Europe have fallen considerably (most significantly, a fall of 42 % for mopeds and 31 % for motorcycles between 2007 and 2010)¹. The manufacture of powered two-wheelers in Europe also fell sharply as a result of the global financial and economic crisis, in particular between 2007 and 2009. According to statistics published by ACEM², production by the main European powered two-wheeler manufacturers³ fell by 37 % between 2007 and 2009 and by 25 % between 2008 and 2009.

The European powered two-wheeler industry has also suffered as a result of the growth in exports of cycles and motorcycles by manufacturers based in Asia. China in particular, as the world's foremost exporter of cycles and motorcycles, accounting for 25 % of the market, and India, which is gradually catching up with China, are now the world's biggest manufacturers (India's share of the global export market rose from 1 % to 2.70 % between 2007 and 2010). The growing market share of these countries explains the overall reduction in the cycle and motorcycle exports of most European producers (Germany and Spain were the exceptions between 2009 and 2010), with France and Italy particularly affected (Italy's share of the international export market has fallen by over 30 % in ten years).

The value of cycle and motorcycle exports declined rapidly between 2008 and 2009 (a fall of 21.3 % for example between 2008 and 2009 for the EU and 25.9 % for Italy). The slight recovery in exports in 2010 widened the gap between the 'advanced' countries and emerging countries: the former are broadly returning to their level of exports prior to 2008 (although they are still on average 20 % down on 2008), the latter are achieving higher levels than in 2008 (China increased its export value by 32.4 % between 2009 and 2010, and India by 35.8 %, whereas the EU's export value grew only 9.5 % during the same period).

Italy, which is Europe's largest producer of powered two-wheelers, demonstrated that at national level, the production of motorcycles and mopeds, in which the region of Emilia Romagna is a major player (three of the companies covered in this application manufacture motorcycles under their own marque: *Morini*, *Malaguti* and *Minarelli*), has decreased (by 6 % between 2009 and 2010). The most significant reduction was in the total production of powered two-wheelers, which in Italy fell from 641 000 vehicles in 2008 to 448 100 in 2010 (-30 %)⁴. Italy noted that, since 2006, its imports of spare parts for motorcycles and mopeds (considering that seven of the companies covered in this application form part of the local fabric of companies specialising in the manufacture of spare parts or components for powered

¹ Source: ACEM (*the Motorcycle Industry in Europe* - <http://www.acem.eu>) *Registrations and deliveries* – Edition 2011.

² Source: ACEM (*the Motorcycle Industry in Europe* - <http://www.acem.eu>) *Production* – Edition 2011.

³ Italy, Spain, France, Germany, Austria, United Kingdom, Czech Republic, Portugal and Sweden.

⁴ Source: *Associazione Nazionale Ciclo Motociclo Accessori* (ANCMA) - www.ancma.it.

two-wheeler industries) have been higher than its exports (which had never happened in the previous ten years)¹.

Lastly, the Italian authorities stated that the significant reduction in motorcycle and moped registrations in Europe also affected Italy (motorcycle and moped registrations fell 27 % between 2009 and 2010)².

The co-ordinated package of personalised services to be funded, including its compatibility with actions funded by the Structural Funds, includes measures for the reintegration of the 502 targeted workers into employment, such as career guidance, active job search assistance, training and re-training, outplacement assistance, promotion of entrepreneurship and job-seeking allowance.

According to the Italian authorities, all the aforementioned measures combine to form a co-ordinated package of personalised services and represent active labour market measures with the aim of re-integrating the workers into the labour market. These personalised services started on 1 March 2012.

As regards the criteria contained in Article 6 of Regulation (EC) No 1927/2006, the Italian authorities in their application:

- confirmed that the financial contribution from the EGF does not replace measures which are the responsibility of companies by virtue of national law or collective agreements;
- demonstrated that the actions provide support for individual workers and are not to be used for restructuring companies or sectors;
- confirmed that the eligible actions referred to above do not receive assistance from other EU financial instruments.

Concerning management and control systems, Italy informed the Commission that the financial contribution would be managed as follows: the *Ministerio del Lavoro e delle Politiche Sociali – Direzione Generale per le Politiche Attive e Passive del Lavoro* (MLPS – DG PAPL) will be the managing, certifying and audit authority (with MLPS – DG PAPL *Ufficio A* as managing authority; MLPS – DG PAPL *Ufficio B* as certifying authority and MLPS – DG PAPL *Ufficio C* as audit authority). The region of Emilia-Romagna (*Direzione Generale Cultura Formazione e Lavoro*) will be the managing authority's intermediate body. The Italian authorities stated that they would implement the management and control system for the EGF adopted by the Italian Ministry of Labour and Social Policy and the operational manual for the managing, certifying and audit authority.

In accordance with Commission's assessment, the application fulfils the eligibility criteria set up by the EGF Regulation and recommends to the Budget Authority to approve the applications.

¹ Source: *ANCMA*.

² Source: *ACEM*.

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a amount of EUR 1 160 745 from the European Progress Microfinance Facility budget line will be used to cover part of the amount required for this application. The additional amount of EUR 1 497 750 required for this application will be covered by an additional appropriation requested in Amending Budget No 6. The IIA allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

This is fifteenth proposal for the mobilisation of the Fund submitted to the Budget Authority in 2012. Therefore, deducing from the appropriations available the current amount requested (EUR 2 658 495) an amount of EUR 425 733 778 still remains available until the end of 2012.

III. Procedure

The Commission has presented a transfer request in order to enter commitment appropriations in the 2012 budget as required in Point 28 of the Interinstitutional Agreement of 17 May 2006, as well as Draft amending budget No. 6/2012.

The trilogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form, 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, 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.

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.

ANNEX: LETTER OF COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/ic
D(2012)55892

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 case EGF/2011/026 IT/Emilia-Romagna Motorcycles from Italy (COM(2012)616 final)

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/2011/026 IT/Emilia-Romagna Motorcycles from Italy** 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 2 (b) of the EGF regulation and targets for support 502 workers of the total of 512 workers dismissed in 10 enterprises operating in the NACE Revision 2 Division 30 ("manufacture of other transport equipment") within the reference period between 28 February 2011 and 28 November 2011 in the NUTS II region of Emilia-Romagna in Italy (ITH5);
- B) Whereas the Italian authorities argue that the redundancies were caused by the global financial and economic crises which resulted in sudden drop in production for motorcycles in the EU, which fell by 37% between 2007 and 2009 and by 25% between 2008 and 2009;
- C) Whereas the Italian authorities claim that the Italian market of two-wheel vehicles followed the same trend and the domestic demand for the motorcycles dropped substantially;
- D) Whereas the Italian authorities inform that in addition to the crisis the market for two-wheel vehicles has been affected by an increasing number of producers located Asia which take the lead in world exports given that the EU share contracted by 21,3% between 2008 and 2009;
- E) Whereas in Italy, the first EU producer of two-wheel vehicles, the production of such vehicles dropped by 30% between 2008 and 2010 ;

- F) Whereas 58,6 % of the workers targeted by the measures are men and 41,4 % are women; whereas 82,9 % of the workers are between 24 and 54 years old and 16,04% of workers are older than 55 years;
- G) Whereas 58% of the dismissed workers are plant and machine operators and further 39,8% are reported to be clerical support workers;

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 Italian application:

1. Agrees with the Commission that the conditions set out in Article 2 (b) of the EGF regulation (1927/2006) are met and that, therefore, Italy is entitled to a financial contribution under this regulation; therefore notes that the number of dismissed employees lies just above the intervention criteria.
2. Notes that the Italian authorities submitted the application for EGF financial contribution on 30 December 2011 and that its assessment was made available by the European Commission on 19 October 2012; regrets the lengthy evaluation period of 10 months;
3. Welcomes the fact that in order to provide workers with speedy assistance, the Italian authorities decided to start the implementation of the measures on 1 March 2012 well ahead of the final decision on granting the EGF support for the proposed coordinated package;
4. Welcomes the fact that the design of the measures was consulted with the social partners during several meetings;
5. Regrets that the information on the training measures in the Commission proposal does not describe in which sectors the workers are likely to find employment and if the training on offer is adapted to the future economic prospects and labour market needs in the region;
6. Notes that the payment appropriations in the EGF budget line 04 05 01 has been exhausted for 2012 ; however, is highly critical of the fact that the Commission decided to use the European Progress Microfinance Facility budget line in order to make the transfer for this application;

Yours sincerely,

Pervenche Berès

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	10.12.2012
Result of final vote	+: 34 -: 0 0: 1
Members present for the final vote	Marta Andreasen, Francesca Balzani, Zuzana Brzobohatá, Jean Louis Cottigny, Isabelle Durant, Göran Färm, Eider Gardiazábal Rubial, Jens Geier, Ingeborg Gräßle, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Barbara Matera, Jan Mulder, Juan Andrés Naranjo Escobar, Dominique Riquet, Alda Sousa, László Surján, Derek Vaughan, Angelika Werthmann
Substitute(s) present for the final vote	Maria Da Graça Carvalho, Frédéric Daerden, Gerben-Jan Gerbrandy, Edit Herczog, Jürgen Klute, Erminia Mazzoni, Georgios Papastamkos, Georgios Stavrakakis, Nils Torvalds
Substitute(s) under Rule 187(2) present for the final vote	Jean-Pierre Audy