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A7-0261/2014

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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/2012/007 IT/VDC Technologies from Italy)
(COM(2014)0119 – C7-0089/2014 – 2014/2025(BUD))

Committee on Budgets

Rapporteur: Frédéric Daerden

PR_BUD_Funds

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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/2012/007 IT/VDC Technologies from Italy)
(COM(2014)0119 – C7-0089/2014 – 2014/2025(BUD))**

The European Parliament,

– having regard to the Commission proposal to the European Parliament and the Council (COM(2014)0119 – C7-0089/2014),

– 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[1], (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 2014-2020[2], 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 management[3] (IIA of 2 December 2013), and in particular point 13 thereof,

– having regard to 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 report of the Committee on Budgets (A7-0261/2014),

A. whereas the European 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 December 2013 in respect of the adoption of decisions to mobilise the EGF,

[1] OJ L 406, 30.12.2006, p. 1.
[2] OJ L 347, 20.12.2013, p. 884.
[3] OJ C 373, 20.12.2013, p. 1.

C. whereas Italy submitted application EGF/2012/007 IT/VDC Technologies for a financial contribution from the EGF, following 1 164 redundancies in VDC Technologies SpA and one supplier with 1 146 workers targeted for EFG co-funded measures, during the reference period from 26 February 2012 to 25 June 2012,

D. 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(a) of the EGF Regulation are met and that, therefore, Italy is entitled to a financial contribution under that Regulation;

2. Notes that the Italian authorities submitted the application for EGF financial contribution on 31 August 2012 and regrets that its assessment was made available by the European Commission only on 5 March 2014; deplores the lengthy evaluation period of 19 months and believes that this delay contradicts the aim of the European Globalisation Adjustment Fund to provide a quick aid to workers made redundant;

3. Considers that the redundancies in VDC Technologies SpA and one supplier (manufacture of television sets, television monitors and displays as well as air-conditioning units) are linked to major structural changes in world trade patterns due to globalisation, referring to serious economic disruption for the sector of manufacture of electrical equipment due to intensified competition from third countries, particularly China;

4. Recognises the need for drawing lessons from numerous EGF applications based on globalisation criterion in a given sector in view of reforming the Union trade policy, both in terms of liberalisation and trade defence instruments;

5. Notes that the 1 164 redundancies in question along with the 54 redundancies due to the same cause before and after the four-month reference period have a strong negative impact on the labour market and economic situation in the affected area located in the NUTS 3 level region ITI45 Frosinone in the NUTS 2 level region ITI4 Lazio;

6. Welcomes the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised services to the affected workers on 30 November 2012, nine months before the EGF application submission and well ahead of the final decision on granting the EGF support for the proposed coordinated package;

7. Notes that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 1 146 redundant workers into employment such as occupational guidance/ skills assessment, training, service to individuals, support to entrepreneurship, recruitment bonus, participation allowance;

8. Notes that almost 40% of dismissed workers are older than 55 years; regrets that the package does not contain any specific measures targeting older workers;

9. Points out that the package contains various types of financial allowances: allowance for workers living with persons who need care, mobility allowance, and participation allowance; points out to relatively high level of recruitment incentive (EUR 6 000 per worker) but welcomes the fact that this measure is conditioned upon offering a permanent contract or a fixed-term contract of 24 months to workers;

10. Welcomes the fact that the coordinated package of personalised services was consulted with the social partners (trade unions CGIL USB, CISAL, CISL, UIL, UGL) and that a local support network was activated with the involvement of various local partners, and that a policy of equality of women and men as well as the principle non-discrimination will be applied during the various stages of the implementation of and in access to the EGF;

11. 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;

12. Welcomes the fact training is foreseen for every worker targeted by the EGF package; regrets however that the Commission proposal does not describe the areas and sectors in which the training will be offered;

13. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on complementarity with actions funded by the Structural Funds; stresses that the Italian 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 of the existing regulations and that no duplication of Union-funded services can occur;

14. Stresses that, in accordance with Article 6 of the EGF Regulation, it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment; stresses, furthermore, that EGF assistance can co-finance only 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;

15. Welcomes the agreement reached between the European Parliament and the Council regarding the new EGF Regulation, for the period 2014-2020, 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 European 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;

16. Approves the decision annexed to this resolution;

17. 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*;

18. 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/2012/007 IT/VDC Technologies 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 Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund[1], and in particular Article 12(3) thereof,

Having regard to Regulation (EU) no 1309/2013 of the European Parliament and the Council of 17 December 2013 on the European Globalisation Fund (2014-2020) and repealing Regulation (EC) no 1927/2006[2], and in particular Article 23, second subparagraph, thereof,

Having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[3], 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 management[4], 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 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 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.

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[1] OJ L 406, 30.12.2006, p. 1.
[2] OJ L 347, 20.12.2013, p. 855.
[3] OJ L 347, 20.12.2013, p. 884.
[4] OJ C 373, 20.12.2013, p. 1.

(3) Italy submitted an application to mobilise the EGF, in respect of redundancies in the enterprise VDC Technologies SpA and one supplier, on 31 August 2012 and supplemented it by additional information up to 6 September 2013. 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 mobilise an amount of EUR 3 010 985.

(4) Notwithstanding Regulation (EC) No 1927/2006 being repealed, it shall continue to apply for applications submitted up to 31 December 2013 by virtue of Article 23, second subparagraph of Regulation (EU) No 1309/2013.

(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 2014, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 3 010 985 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 Article 12 of Regulation (EU, Euratom) No 1311/2013 laying down the multiannual financial framework for the years 2014-2020[1] and of the Article 12 of Regulation (EC) No 1927/2006[2], 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 management[3], 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 VDC Technologies application and the Commission's proposal

On 5 March 2014, the Commission adopted a proposal for a decision on the mobilisation of the EGF in favour of Italy to support the reintegration in the labour market of workers made redundant in VDC Technologies and one supplier (manufacture of television sets, television monitors and displays as well as air-conditioning units) due to major structural changes in world trade patterns due to globalisation.

This is the second application to be examined under the 2014 budget and refers to the mobilisation of a total amount of EUR 3 010 985 from the EGF for Italy. It concerns 1 164 redundancies in VDC Technologies and one supplier operating in the NUTS 3 level region ITI45 Frosinone in the NUTS 2 level region ITI4 Lazio with 1 146 workers targeted for EFG co-funded measures during the reference period from 26 February 2012 to 25 June 2012. All of these redundancies were calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

The application was sent to the Commission 31 August 2012 supplemented by additional information up to 6 September 2013. The Commission has concluded that the application meets the conditions for deploying the EGF as set out in Article 2(a) of Regulation (EC) No 1927/2006.

The Italian authorities state that between 2008 and 2011, imports from China into the EU-27 of products classified under SITC[4] division 76 ‘Telecommunications and sound-recording and reproducing apparatus and equipment’ increased by 18.7 %. During the same period, China’s

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[1] OJ L 347, 20.12.2013, p. 884.
[2] OJ L 406, 30.12.2006, p. 1.
[3] OJ C 373, 20.12.2013, p. 1.
[4] Standard International Trade Classification revision 4.
http://unstats.un.org/unsd/publication/SeriesM/SeriesM_34rev4E.pdf

share of imports into the EU-27 of such products increased from 44.0 % to 52.2 %[1]. This change in world trade patterns can be considered to have had a significant impact on employment levels, as around 121 000 jobs have been lost in the sector of the manufacture of computer, electronic and optical products in the EU during the period 2008-2011, which represents a reduction by 7 %[2].

The Italian authorities argue that economic activity and employment in the Lazio region have been strongly affected by globalisation. In 2011, regional GDP decreased by −0.3 %[3] and data for the first half of 2012 show a reduction in exports in the region's main industrial sectors (−28.3 % for petroleum products, −19 % for transport means, −6.3 % for chemical products, −0.7 % for electronics[4]). Total employment in Lazio fell by −0.2 % in 2011 and by −0.7 % in the first quarter of 2012. The unemployment rate in Lazio has increased from 8.5 % in 2009 to 10.8 % in 2012[5] .

The co-ordinated package of personalised services to be co-funded includes measures for the reintegration of 1 146 workers into employment such as occupational guidance/ skills assessment, training, service to individuals, support to entrepreneurship, recruitment bonus, participation allowance.

According to the Italian authorities, the measures initiated on 30 November 2012 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.

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 has notified the Commission that the financial contribution will be managed at national level by the Italian Ministry of Labour and Social Policies (Directorate-General for Active and Passive Policies), within which one unit (*ufficio*) is acting as managing authority, a second unit is acting as certifying authority and a third unit is acting as audit authority. The Lazio Region will act as the intermediate body for the managing authority at regional level.

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1 Source: Eurostat (online data code: DS_018995).
2 Source: Eurostat (online data code: lfsq_egan22d).
3 Source: ISTAT.
4 Source: Banca d'Italia.
5 Source: Eurostat.

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 EUR 3 010 985 from the EGF reserve (40 02 43) to the EGF budget line (04 04 51).

This is the second transfer proposal for the mobilisation of the Fund transmitted to the Budgetary Authority to date during 2014. The proposed amount of financial contribution will leave more than 25 % of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year, as required by Article 12(6) of Regulation (EC) No 1927/2006.

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.

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/nt
D(2014)14583

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/2012/007 IT/VDC Technologies from Italy (COM(2014)119 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/2012/007 IT/VDC Technologies** 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 (a) of the EGF regulation and targets for support 1 146 workers of the total of 1 218 workers dismissed within the reference period between 26 February 2012 and 25 June 2012 and outside the reference period in the enterprise VDC Technologies and its supplier, Cervino Technologies (100% subsidiary of VDC Technologies);

B) Whereas the Italian authorities argue that the redundancies were caused by major structural changes in world trade patterns due to globalisation reflected in intensified competition from Chain which adversely affected the sector of telecommunications and sound-recording and reproducing equipment in the EU;

C) Whereas the Italian authorities show that between 2008 and 2011 imports from Chain into the EU of products classified as telecommunications and sound-recording and reproducing equipment increased by 18,7%; whereas the Italian authorities argue that those changes in import patterns affected EU employment market which is estimated to lose 121 000 jobs;

D) Whereas the Italian authorities claim that the VDC Technologies and its supplier Cervino Technologies bankruptcy was caused by various factors such as a reduction in demand for plasma screen TV sets in favour of LCD screen, the adverse euro/dollar exchange rate and a reduction in market prices for television sets caused by decreasing manufacturing costs;

E) Whereas 92,2 % of the workers targeted by the measures are men and 7,8 % are women; whereas 62,2% of the workers are between 24 and 54 years old and 37,7% of workers are older than 54 years;

F) Whereas 95,7%% of the dismissed workers are technicians and associate professionals;

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 (a) of the EGF regulation (1927/2006) are met and that, therefore, Italy is entitled to a financial contribution under this regulation;

2. Notes that the Italian authorities submitted the application for EGF financial contribution on 31 August 2012 and regrets that its assessment was made available by the European Commission only on 5 March 2014; deplores the lengthy evaluation period of 19 months and believes that this delay contradicts the aim of the European Globalisation Adjustment Fund to provide a quick aid to workers made redundant;

3. Welcomes the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised measures on 30 November 2012, well ahead of the final decision on granting the EGF support for the proposed coordinated package;

4. Recognises the need for drawing lessons from numerous EGF applications based on globalisation criterion in a given sector in view of reforming the EU trade policy, both in terms of liberalisation and trade defence instruments;

5. Welcomes the fact training is foreseen for every worker targeted by the EGF package; regrets however that the Commission proposal does not describe the areas and sectors in which the training will be offered;

6. Notes that almost 40% of dismissed workers are older than 55 years; regrets that the package does not contain any specific measures targeting older workers;

7. Points out that the package contains various types of financial allowances: allowance for workers living with persons who need care, mobility allowance, and participation allowance; points out to relatively high level of recruitment incentive (6 000 euro per worker) but welcomes the fact that this measure is conditioned upon offering a permanent contract or a fixed-term contract of 24 months to workers;

8. Welcomes the fact that the coordinated package of personalised services was consulted with the social partners and that a local support network was activated with the involvement of various local partners.

Yours sincerely,

Pervenche Berès

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	31.3.2014
Result of final vote	+: 23 –: 1 0: 0
Members present for the final vote	Marta Andreasen, Zuzana Brzobohatá, Jean Louis Cottigny, Göran Färm, Věra Flasarová, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Ingeborg Gräßle, Jutta Haug, Monika Hohlmeier, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Jan Mulder, Juan Andrés Naranjo Escobar, Andrej Plenković, Dominique Riquet, László Surján, Helga Trüpel, Angelika Werthmann
Substitute(s) present for the final vote	Jürgen Klute, Paul Rübig