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REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund
(COM(2008)0867 – C6-0518/2008 – 2008/0267(COD))

Committee on Employment and Social Affairs

Rapporteur: Gabriele Stauner

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. In the case of amending acts, passages in an existing provision that the Commission has left unchanged, but that Parliament wishes to amend, are highlighted in **bold**. Any deletions that Parliament wishes to make in passages of this kind are indicated thus: [...]. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). Suggested corrections of this kind are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund
(COM(2008)0867 – C6-0518/2008 – 2008/0267(COD))**

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2008)0867),
- having regard to Article 251(2) and Article 159(3) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0518/2008),
- having regard to Rule 51 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Regional Development (A6-0242/2009),

1. Approves the Commission proposal;
2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
3. Instructs its President to forward its position to the Council and Commission.

EXPLANATORY STATEMENT

The worldwide financial crisis has hit the European Community hard. The credit squeeze, falling property prices, repeated instances of European banks losing billions of euros and sudden falls in share prices have led, and will continue to lead, to an ever greater crisis of confidence and, in turn, to a collapse in demand and investment. According to estimates drawn up by economic experts, if no corrective measures are taken in 2009 the EU economy will see zero or negative growth rates and there is every chance that some Member States will fall into recession, resulting in millions of job losses.

The purpose of the European Globalisation Adjustment Fund is to provide effective support for workers made redundant as a result of globalisation. It was set up in December 2006 and is due to run until 2013. The Fund's maximum annual budget is € 500 million and it is used to support active labour market measures, e.g. assistance for people seeking work or in the form of further training grants and mobility allowances.

Thus far, the main problem affecting the Fund has been that the stringent intervention criteria have prevented its full potential from being exploited, so that over the period to mid-2008 only 15 000 workers had received assistance averaging € 4500. For that reason, a 50% reduction, to 500, in the number of redundancies required to trigger intervention is welcome, not least since Commission studies have shown that over the period in question 73 enterprises dismissed fewer than 1000, but more than 500, employees; in other words, lowering the threshold would make for greater solidarity. In addition, experience has shown that in some cases, for example in the automobile industry, enterprises affected by the financial crisis have been able to avoid making redundancies, by introducing intelligent and flexible working-time accounts, but that their component suppliers, which often recruit employees from small and medium-sized firms, have been badly hit by the production cut-backs. For that reason, it is only right that the intervention criteria should be flexible enough so that, in duly justified cases, Member States can also use the Fund to intervene in smaller labour markets.

In the light of the current financial and economic crisis, the committee called for a temporary increase, until 2010, in the co-financing rate to 75% of the total costs, so that employees made redundant are not denied support because of a lack of State resources in the region or country concerned, and for provision to be made for the reference period during which the 500 redundancies must take place - four months, or six at NUTS II level - to be extended by a few days, so that the Community is not prevented from showing solidarity with workers who have lost their jobs simply because slightly fewer than 500 employees were made redundant within the four-month reference period, even though that figure then rose above 500 shortly thereafter.

For the reasons outlined above, a majority of the members of the committee took the view that the Commission proposal should be approved unamended.

3.4.2009

MINORITY OPINION

pursuant to Rule 48(3) of the Rules of Procedure
by Gabriele Stauner

A minority of the members of the committee, including the rapporteur, reject the committee's standpoint for the following reasons.

A co-financing rate of 75% is too high, since the criteria have already been relaxed and the numbers of persons eligible drastically increased as a result of the new definition of what constitutes intervention. Fund resources could be exhausted quickly and applicants might have to be turned down.

In addition, the intervention criteria should not be valid only until 2010. New legal provisions cannot be adopted every time a crisis occurs.

Technical assistance should be reduced, so that the resources available can be channelled to the persons directly affected and not used to fund preparatory, flanking and information measures and the provision of administrative assistance, services which the Commission can also fund from other budget headings.

Taking over the ESF provisions on the flat-rate funding of indirect costs would simplify the work of administering the Fund.

In addition, the rapporteur wanted to tie the financial assistance granted to the persons directly affected and offer them possibilities to obtain further training and the skills required to enter professions with a future, but felt obliged to exclude family allowances, since measures of that kind to foster labour market flexibility should be regarded as one aspect of labour market policy to be implemented as part of national assistance programmes and should not benefit only those who have lost their jobs as a result of globalisation. She also sought to clarify the intervention criterion 'disadvantaged worker' in order to provide for greater legal security.

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Employment and Social Affairs

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund (COM(2008)0867 – C6-0518/2008 – 2008/0267(COD))

Rapporteur: Mia De Vits

SHORT JUSTIFICATION

The draftsman is, in general terms, in favour of the proposal of the European Commission to adapt Regulation 1927/2006 on the globalisation fund. Given the massive number of redundancies in the real economy recently due to the financial crisis, this adapted proposal could be an important instrument for assisting and helping to retrain the workers of the specific industrial sectors affected by the crisis. Indeed, as shown by the recent experiences, the interventions by the instrument of the EGF get positive results.

In order to increase these positive results, the draftsman is in favour of the main changes of the Commission's proposal, like the extension of the scope of the Regulation for a limited period, the extension of the co-financing system as well as the most broad possible explication of the measures the Member States have to adopt with the resources of the EGF; and the extension to 24 months of the duration of EGF support to leave sufficient time for the measures to be effective in re-integrating particularly the most vulnerable workers into new jobs.

However, some modifications and clarifications still should be added in order to increase the legal security.

AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation – amending act

Article 1 – point 2

Regulation (EC) No 1927/2006

Article 2 – paragraph 1 – point a

Text proposed by the Commission

(a) at least 500 redundancies over a period of **four months** in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers, or

Amendment

(a) at least 500 redundancies over a period of **six months** in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers, or

Justification

By extending the 4 months period with 2 months, the amendment allows to take the negative effects of the crisis more into account.

Amendment 2

Proposal for a regulation – amending act

Article 1 – point 2

Regulation (EC) No 1927/2006

Article 2 – paragraph 2

Text proposed by the Commission

For the purposes of calculating the number of redundancies provided for in points (a), (b) and (c) of the first paragraph, **a redundancy may** be counted from the moment of either the employer's individual notice to terminate the contract of employment of the redundant worker, or the de facto termination of a contract of employment before its expiry for reasons not related to the individual worker concerned. In each case, either of the two options must be chosen and specified in the application.

Amendment

For the purposes of calculating the number of redundancies provided for in points (a), (b) and (c) of the first paragraph, **all types of redundancy shall be taken into account and shall** be counted from the moment of either the employer's individual notice to terminate the contract of employment of the redundant worker, or the de facto termination of a contract of employment before its expiry for reasons not related to the individual worker concerned. In each case, either of the two options must be chosen and specified in the application.

Justification

The notion of redundancies should be interpreted in a broad way. Also temporary contracts should be taken on board.

Amendment 3

Proposal for a regulation – amending act

Article 1 – point 5

Regulation (EC) No 1927/2006

Article 10 – paragraph 1

Text proposed by the Commission

1. The Commission shall, on the basis of the assessment carried out in accordance with Article 5(5), particularly taking into account the number of workers to be supported, the proposed actions and the estimated costs, evaluate and propose as quickly as possible the amount of financial contribution, if any, that may be made within the limits of the resources available. The amount may not exceed 75% of the total of the estimated cost referred to in Article 5(2)(d).

Amendment

1. The Commission shall, on the basis of the assessment carried out in accordance with Article 5(5), particularly taking into account the number of workers to be supported, the proposed actions and the estimated costs, evaluate and propose as quickly as possible, ***and, in any event within the three months***, the amount of financial contribution, if any, that may be made within the limits of the resources available. The amount may not exceed 75% of the total of the estimated cost referred to in Article 5(2)(d). ***The amount may be as high as 75 % of the total estimated costs if the Member State is able to justify that the proposed actions will accelerate the transition to a low carbon economy and the creation of environmentally friendly jobs.***

Justification

By adding explicitly the period, Member States can be ensured to have access to the financial contribution in the fastest way. As confirmed in the European recovery plan, the strategic aim is to speed up the shift towards a low carbon economy and to create green collar jobs.

Amendment 4

Proposal for a regulation – amending act

Article 1 a (new)

Text proposed by the Commission

Amendment

Article 1a

Transitional provisions

This Regulation shall be applicable to all the requests that have been introduced to the Commission from 1 January 2009. The Commission shall review the existing conventions with the Member States concerned in order to verify that they comply with this Regulation.

Justification

For reasons of legal certainty, a clear point has to be made in order to clarify from which moment on the new dispositions will be applicable.

PROCEDURE

Title	Amendment of Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund
References	COM(2008)0867 – C6-0518/2008 – 2008/0267(COD)
Committee responsible	EMPL
Opinion by Date announced in plenary	ECON 15.1.2009
Drafts(wo)man Date appointed	Mia De Vits 14.1.2009
Discussed in committee	11.2.2009
Date adopted	2.3.2009
Result of final vote	+: 27 –: 0 0: 0
Members present for the final vote	Mariela Velichkova Baeva, Paolo Bartolozzi, Zsolt László Becsey, Pervenche Berès, Sharon Bowles, Manuel António dos Santos, Elisa Ferreira, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Donata Gottardi, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia in 't Veld, Gay Mitchell, Sirpa Pietikäinen, John Purvis, Eoin Ryan, Antolín Sánchez Presedo, Olle Schmidt, Margarita Starkevičiūtė
Substitute(s) present for the final vote	Mia De Vits, Harald Ettl, Werner Langen, Klaus-Heiner Lehne, Gianni Pittella
Substitute(s) under Rule 178(2) present for the final vote	Françoise Castex, Hans-Peter Mayer

10.3.2009

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Employment and Social Affairs

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 establishing the European Globalisation Adjustment Fund (COM(2008)0867 – C6-0518/2008 – 2008/0267(COD))

Rapporteur: Monica Giuntini

SHORT JUSTIFICATION

As the committee on Regional Development pointed out in its 2006 opinion, globalisation of economic activity and trade has brought innumerable advantages to the European market in terms of choice, competitive prices, technological innovation and the gradual shift from a post industrial to an embryonic knowledge society. This favourable evolution comes at the cost of a high degree of fluidity and insecurity in the job market engendering the concentration of large pockets of unemployment in previously highly productive industrial centres and regions. It has been accompanied by a concomitant decline in the relative wealth of workers as companies have delocalised to regions offering cheaper labour costs and fiscal or other advantages. The phenomenon of delocalisation is not new. It was however its expansion from a national or inter-regional occurrence to a global one that prompted the European Commission to propose the creation of the European globalisation fund in order to offer workers who lost their jobs because of such delocalisation a degree of financial assistance.

As the Commission points out in its explanatory notice, the unprecedented financial crisis and economic downturn which has hit the world economy to a lesser or greater degree since 2007 **"will cause massive redundancies"**.

For this reason, if the European globalisation fund is to be effective as an instrument to alleviate the effects of the crisis, it is highly desirable that the financial resources allocated to it be increased and a dedicated budget line created under the appropriate budget heading.

The Commission stresses that the essential nature of the globalisation fund is to show solidarity with workers who lose their jobs due to economic disturbances caused by **global events**. To do otherwise would seriously undermine the principles of the internal market which preclude purely intra- community driven adjustment.

The Commission's proposal is highly technical in nature and is the result of in depth consultation of Member States' experts, social partners and other stake holders in 2008.

Your draftsman particularly approves some of the proposed changes to the EGF Regulation, such as those accelerating and, improving access to the funds, reducing the threshold of redundancies from 1000 to 500, the inclusion of workers eligible for EGF assistance made redundant before the beginning of the period of reference and the prolongation of the period for EGF use from 12 to 24 months.

The effectiveness of this instrument will lie in its application, paragraph 2 (a) of the amended Article 5 is crucial to this success as it lays down the rules and the necessity to show the causal link between the redundancies concerned and either major structural changes in world patterns or the financial and economic crisis. The establishment is clearly necessary to distinguish those unforeseeable events from those which are the clear result of bad management or non-competitive practices by the employer. Clearly the establishment of such a mandatory link will not be easy and could open new avenues for abusive claims. Consequently, your draftsman gives her full support to the provisions of the new Article 8 which, under certain limited conditions allows for the EGF to be used to finance preparation, monitoring, and technical support, auditing and control.

In its opinion 2006 the committee on regional development proposed that in Article 2(b) the period over which the minimum number of redundancies occur should be extended to 12 months. Clearly the effects of globalisation, particularly those arising from the economic downturn take longer to feed through the industrial structure or local economy. Your draftsman resubmits this amendment convinced that it is clearly justifiable in view of the proposed expansion.

The Commission proposes that a new subparagraph be inserted into Article 20 providing for the possibility of the European Parliament and the Council to review the regulation including the temporary derogation on the basis of a Commission proposal. I believe that such a review must take place and have therefore amended this provision accordingly.

AMENDMENTS

The Committee on Regional Development calls on the Committee on Employment and Social Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation – amending act Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) Expanding the scope of the EGF represents a solidarity commitment aimed at reducing the major effects of the global economic and financial crisis, and at ensuring the sustainable development of regions and furthermore at preventing disparities between them from widening.

Justification

In the exceptional context of the global financial and economic crisis, amending the EGF Regulation in the sense of the present proposal, enables the Community to strengthen its social and economic cohesion and to always promote a balanced and sustainable development of regions..

Amendment 2

Proposal for a regulation – amending act

Article 1 - point 2

Regulation (CE) 1927/2006

Article 2 – paragraph 2 – point b

Text proposed by the Commission

(b) at least 500 redundancies over a period of 9 months, particularly in small or medium-sized enterprises, in a NACE 2 division in one region or two contiguous regions at NUTS II level, or

Amendment

(b) at least 500 redundancies over a period of 9 months, particularly in small or medium-sized enterprises, in a NACE 2 division in one region or two contiguous regions ***from the same Member State or from neighbouring Member States*** at NUTS II level, or

Justification

It is important that the cohesion of regions takes place at the Community level and not only at the national level. When neighbouring regions register high level of unemployment in the same field, I consider it important that EGF applies.

Amendment 3

Proposal for a regulation – amending act

Article 1 - point 2

Regulation (CE) 1927/2006

Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

In parallel, local authorities shall promote monitoring and information campaigns in order to identify new possibilities for employment and professional reconversion, according to the specific needs of each region.

Justification

It is always important to monitor constantly the number of redundancies and to try to determine new employment opportunities at regional level.

Amendment 4

Proposal for a regulation – amending act

Article 1 – point 7

Regulation 1927/2006

Article 20 – new subparagraph

Text proposed by the Commission

"On the basis of a proposal from the Commission, the European Parliament and the Council may review this Regulation, including the temporary derogation provided for in Article 1, paragraph 1a."

Amendment

"By the end of 2010 at the latest, the Commission shall submit an assessment of the impact and efficacy of the provisions on the temporary derogation provided for in Article 1, paragraph 1a, accompanied by a proposal for a review of this Regulation by the European Parliament and the Council"

Justification

In these exceptional circumstances it is necessary for the European Commission to undertake a pan-European in depth assessment of the effect of the temporary measures as well as the opportunity for Parliament to review the legislation.

PROCEDURE

Title	Amendment of Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund
References	COM(2008)0867 – C6-0518/2008 – 2008/0267(COD)
Committee responsible	EMPL
Opinion by Date announced in plenary	REGI 15.1.2009
Rapporteur Date appointed	Monica Giuntini 2.2.2009
Discussed in committee	12.2.2009
Date adopted	9.3.2009
Result of final vote	+: 38 –: 0 0: 1
Members present for the final vote	Emmanouil Angelakas, Stavros Arnaoutakis, Elspeth Attwooll, Jean Marie Beaupuy, Rolf Berend, Jana Bobošíková, Victor Boştinaru, Wolfgang Bulfon, Gerardo Galeote, Iratxe García Pérez, Monica Giuntini, Ambroise Guellec, Pedro Guerreiro, Marian Harkin, Jim Higgins, Mieczysław Edmund Janowski, Evgeni Kirilov, Constanze Angela Krehl, Florencio Luque Aguilar, Jamila Madeira, Sérgio Marques, Yiannakis Matsis, Iosif Matula, Lambert van Nistelrooij, Markus Pieper, Wojciech Roszkowski, Elisabeth Schroedter, Catherine Stihler, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák
Substitute(s) present for the final vote	Domenico Antonio Basile, Jan Březina, Brigitte Douay, Den Dover, Ramona Nicole Mănescu, Samuli Pohjamo, Christa Prets, László Surján

PROCEDURE

Title	Amendment of Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund			
References	COM(2008)0867 – C6-0518/2008 – 2008/0267(COD)			
Date submitted to Parliament	16.12.2008			
Committee responsible Date announced in plenary	EMPL 15.1.2009			
Committee(s) asked for opinion(s) Date announced in plenary	INTA	BUDG	ECON	ITRE
	15.1.2009	15.1.2009	15.1.2009	15.1.2009
	REGI 15.1.2009			
Not delivering opinions Date of decision	INTA	BUDG	ITRE	
	20.1.2009	21.1.2009	19.1.2009	
Rapporteur(s) Date appointed	Gabriele Stauner 14.1.2009			
Discussed in committee	11.2.2009	2.3.2009	30.3.2009	
Date adopted	31.3.2009			
Result of final vote	+: 23			
	-: 11			
	0: 3			
Members present for the final vote	Jan Andersson, Jean-Pierre Audy, Edit Bauer, Iles Braghetto, Philip Bushill-Matthews, Alejandro Cercas, Derek Roland Clark, Jean Louis Cottigny, Jan Cremers, Vasilica Viorica Dăncilă, Harald Ettl, Richard Falbr, Joel Hasse Ferreira, Stephen Hughes, Ona Juknevičienė, Jean Lambert, Bernard Lehideux, Elizabeth Lynne, Thomas Mann, Juan Andrés Naranjo Escobar, Csaba Öry, Siiri Oviir, Marie Panayotopoulos-Cassiotou, Elisabeth Schroedter, José Albino Silva Peneda, Jean Spautz, Gabriele Stauner, Ewa Tomaszewska, Anne Van Lancker			
Substitute(s) present for the final vote	Jean Marie Beaupuy, Gabriela Crețu, Donata Gottardi, Rumiana Jeleva, Magda Kósáné Kovács, Jamila Madeira, Adrian Manole, Csaba Sógor			
Date tabled	3.4.2009			