



EUROPEAN PARLIAMENT

2009 - 2014

Plenary sitting

A7-0438/2011

7.12.2011

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/2011/002 IT/Trentino-Alto Adige/Südtirol Construction of buildings from Italy) (COM(2011)0480 – C7-0384/2011 – 2011/2279(BUD))

Committee on Budgets

Rapporteur: Barbara Matera

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
ANNEX: DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL	6
EXPLANATORY STATEMENT	8
ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS	12
RESULT OF FINAL VOTE IN COMMITTEE	15

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/2011/002 IT/Trentino-Alto Adige/Südtirol Construction of buildings from Italy) (COM(2011)0480 – C7-0384/2011 – 2011/2279(BUD))

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2011)0480 – C7-0384/2011),
 - 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 as 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 (A7-0438/2011),
- A. whereas the European Union has set up legislative and budgetary instruments to provide additional individual support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their long-term reintegration into the labour market,
- B. whereas the scope of the 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 in respect of a case concerning 643 redundancies,

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

of which 528 targeted for assistance, in 323 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Trentino-Alto Adige/Südtirol (ITD1 and ITD2) in Italy,

E. whereas the application fulfils the eligibility criteria set up by the EGF Regulation,

1. Requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF; appreciates in this sense the improved procedure put in place by the Commission, following the Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF; hopes that further improvements in the procedure will be reached in the framework of the upcoming reviews of the EGF and that greater efficiency and transparency will be achieved
2. 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 geared to helping workers who have suffered redundancies as a result of globalisation and the financial and economic crisis; emphasises the role that the EGF can play in the long-term reintegration of workers made redundant into the labour market, in particular the most vulnerable and least qualified workers;
3. 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 co-finance only active labour market measures which lead to 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 that the EGF might provide an incentive for companies to replace their contractual workforce with a more flexible and short-term one;
4. Notes that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the compatibility and complementarity with actions funded by the Structural Funds; reiterates its call to the Commission to present a comparative evaluation of these data in its annual reports as well;
5. Notes the fact that following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01; reminds that the EGF was created as a separate specific instrument with its own objectives and deadlines and that therefore deserves a dedicated allocation, which will avoid transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the various policies objectives;

;

6. Welcomes the foreseen reinforcement of the EGF budget line 04 05 01 by EUR 50 000 000 through Amending Budget 3/2011, which will be used to cover the amount needed for the present application;
7. Approves the Decision annexed to this resolution;
8. 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;
9. 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/2011/002 IT/Trentino-Alto Adige/Südtirol Construction of buildings 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 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 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 323 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings') in the NUTS II region of Trentino-Alto Adige/Südtirol (ITD1 and ITD2), on 7 February 2011 and supplemented it by additional information up to 6 July 2011. 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 3 918 850.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ OJ C [...], [...], p. [...].

- (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 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 3 918 850 in commitment and payment appropriations.

Article 2

This Decision shall be published in the *Official Journal of the European Union*.

Done at [Brussels/Strasbourg],

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 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 trilogue could be organised in order to find an agreement on the use of the Fund and the amounts required. The trilogue can take a simplified form.

II. State of play: Commission's proposal

On 31 October 2011 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 the global financial and economic crisis.

This is the twenty-third application to be examined under the 2011 budget and refers to the mobilisation of a total amount of EUR 3.918.850 from the EGF for Italy. It concerns 643 redundancies, of which 528 targeted for assistance, in 323 enterprises operating in the NACE Revision 2 Division 41 ('Construction of buildings')³ in the NUTS II region of Trentino-Alto Adige/Südtirol (ITD1 and ITD2) during the nine-month reference period from 1 March 2010 to 1 December 2010.

The application, case EGF/2011/002 IT/Trentino-Alto Adige/Südtirol Construction of buildings for Italy, was submitted to the Commission on 07 February 2011 and supplemented by additional information up to 06 July 2011. It was based on the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State.

One of the criteria for Commission's assessment was the evaluation of the link between the

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ 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).

redundancies and the global financial crisis. Italy argues that the construction sector has been severely affected by the crisis. Loans to the construction sector or to individuals have been drastically reduced and the demand for new houses decreased due to declining consumer confidence and the lack of cash.

Available data confirms the significant downturn in the construction sector, which fell in the EU-27 for seven consecutive quarters (Q1/2009 to Q3/2010) compared with the same period of previous year, mainly due to the decrease in private investment in the residential sector.

The territory concerned is the region of Trentino-Alto Adige/Südtirol. At NUTS II level it consists of two autonomous provinces: Trento and Bolzano/Bozen. The economic situation of both provinces deteriorated in 2009 and their economic growth was negative (-3,0 % in Trento and -2,6 % in Bolzano/Bozen) compared with the previous year. Italy expects the impact of the redundancies to be locally significant.

The following types of measures are proposed, all of which combine to form a coordinated package of personalised services aimed at re-integrating the workers into the labour market:

- Welcome session, intake and registration: The first measure provided to all participants includes information on available services and training programmes and on skills and training requirements;
- One-to-one counselling and guidance: Workers will be offered counselling services at the beginning of their individual pathway of reinsertion;
- Skills assessment and outplacement: This is intended to help workers to identify their own skills and the opportunities related to their own interests and to establish a realistic career plan;
- General training and re-training: This measure aims to train workers in four competences defined in the Recommendation of the European Parliament and of the Council of 18 December 2006 on Key Competences for Lifelong Learning;
- Coaching: This aims to train workers in four other key competences for lifelong learning: 1) Learning to learn; 2) Social and civic competences; 3) Sense of initiative and entrepreneurship; and 4) Cultural awareness and expression;
- Individual vocational training: This covers specific retraining needs of dismissed workers who wish to work in a different sector or a different function;
- Mentoring after reintegration into work: To prevent possible problems arising in the new jobs and to help the workers to consolidate their posts;
- Participation allowance: To cover the expenses incurred when participating in the measures, the workers will receive up to EUR 400 per month;
- Subsistence allowance: The workers will receive for each day they participate in the EGF measures a subsistence allowance equivalent to one day of the Italian subsistence allowance '*indennità di mobilità*'. .

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

- 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 and controlled by the same bodies as the European Social Fund.

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.

In order to mobilise the Fund, the Commission has submitted to the Budget Authority a transfer request for a global amount of EUR 3 918 850 from the EGF budget line 04 05 01.

The Rapporteur welcomes the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations (EUR 47.608.950) on the EGF budget line and welcomes the reinforcement of the 04.05.01. budget line by EUR 50 000 000 as foreseen through AB 3/2011.

She reminds in fact that the EGF was created as a separate specific instrument with its own objectives and deadlines and that as such deserves a dedicated allocation, which will avoid transfers from other budget lines - as happened in the past - which could be detrimental to the achievement of the various policies objectives.

The IIA allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

This is the twenty-third proposal for the mobilisation of the Fund submitted to the Budget Authority in 2011. Therefore, deducing from the appropriations available the current amount requested (EUR 3.918.850) an amount of EUR 371.222.241 remains available until the end of 2011. This will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four month on 2011, as required by art. 12(6) of the EGF Regulation.

III. Procedure

The Commission has presented a transfer request in order to enter specific commitment appropriations in the 2011 budget, as required in Point 28 of the Interinstitutional Agreement of 17 May 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 (EMPL) should be associated to the process, in order to provide constructive support and contribution to the assessment of the applications from the Fund.

Following its evaluation, the EMPL committee of the European Parliament will give its view on the mobilisation of the Fund, which will be attached as letter to the present report.

The Joint Declaration of the European Parliament, the Council and the Commission, adopted during the conciliation meeting on 17 July 2008, has confirmed the importance of ensuring a rapid procedure with due respect of the Interinstitutional Agreement for the adoption of decisions on the mobilisation of the Fund.

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/jm
D(2011)59152

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/2011/002 IT/Trentino-Alto Adige/Südtirol from Italy (COM(2011)0480)

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/2011/002 IT/Trentino-Alto Adige/Südtirol 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 2b) of the EGF regulation and targets for support 528 workers of the total of 643 workers dismissed in 323 enterprises operating in the NACE Revision 2 Division 41 ("Construction of buildings") within the reference period between 1 March 2010 and 1 December 2010 in the NUTS II region of Trentino-Alto Adige/Südtirol (ITD02 and ITD02)
- B) Whereas the Italian authorities argue that the redundancies were caused by the global financial and economic crises that hit Italy, which resulted in dramatic reduction in loans to the construction sector and to individuals and in drastic decrease in demand for new housing;
- C) Whereas the Commission in its Economic Recovery Plan recognised that the construction industry was severely affected by the crisis across the EU and whereas in particular Italy has experienced drops in construction output in seven consecutive quarters in 2009 and 2010;
- D) Whereas the construction industry has already been considered for EGF support following the applications EGF/2009/017 LT/Construction of buildings, EGF/2010/019 IE/Construction 41 from Ireland, EGF/2010/020 IE/Construction 43 from Ireland, EGF/2010/021 IE/Construction 71 from Ireland;

- E) Whereas 91,48 % of the workers targeted by the measures are men and 8,52 % are women; whereas 7,75% of the workers are under the age of 24, 82,20 % of the workers are between 25 and 54 years old and another 9,85% of workers are older than 54 years;
- F) Whereas the occupational structure of the dismissed labour force is diverse, including 27,8% of elementary occupations, 26,4% of specialised craft and 25,3% of craft workers and 8% of apprentices;
- G) Whereas 59% of workers finished lower secondary or second stage of basic education and further 30,49% finished upper secondary education;

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;
2. Notes that the Italian authorities submitted the application for EGF financial contribution on 7 February 2011 and that its assessment was made available by the European Commission on 31 October 2011; regrets the lengthy evaluation procedure;
3. Notes that from 2008 to 2011, the new housing market in Italy has shrunk by 35,5 %, while public works has contracted by 28,7 % and that since the beginning of the crisis the construction industry in Italy has lost 230,000 jobs;
4. Notes that according to the latest medium-term forecasts published by Italian construction industry association ANCE the 2011-2012 period will not bring positive developments in the construction industry and related industrial sectors as estimates indicate 4% decrease in investments for the current year;
5. Notes that the construction sector is an important part of economy and employer in the provinces of Trento and Bolzano, where the unemployment rates in 2010 increased by 117% and 43% respectively in comparison to 2009;
6. Welcomes the coordinated package which offers divers forms of training including both training on transversal skills like social, communication or digital competences and specific training of longer duration aimed at retraining of workers to find employment in another sector; regrets that no information sector-wise on the retraining is provided;
7. Welcomes the fact that EGF measures will help also non-EU citizens, who constitute 24 % of the targeted workers;
8. Notes that workers will receive a participation allowance of up to 400 Euro per month in order to cover the expenses incurred as well as they will receive subsistence allowance equivalent to one day of Italian "indemnita di mobilita" and views it as a major incentive to attend further trainings as the very low number of redundant workers in a company complicate the centralization of further trainings;

9. Regrets that the Commission proposal does not stipulate if the allowances replace any social welfare benefits required under the national legislation; emphasises the risk of substituting social welfare payments required under the national legislation by the EGF support; is of the view that the fund should be primarily allocated to training and job search as well as occupational orientation programs and promotion of entrepreneurship, acting complementarily to national institutions and not substituting employment benefit or any other social welfare payments which are the responsibility of national institutions under national laws;
10. Welcomes the fact that the social partners were involved in the design and the implementation of the coordinated package.

Yours sincerely,

Pervenche Berès

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	5.12.2011
Result of final vote	+ : 20 - : 2 0 : 1
Members present for the final vote	Isabelle Durant, Göran Färm, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Ivars Godmanis, Carl Haglund, Lucas Hartong, Jutta Haug, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlík, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, Vladimír Maňka, László Surján, Helga Trüpel, Derek Vaughan, Angelika Werthmann, Jacek Włosowicz
Substitute(s) present for the final vote	Edit Herczog, Jan Mulder, Georgios Stavrakakis