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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 (EGF/2012/000 TA 2012 - Technical assistance at the initiative of the Commission)
(COM(2012)0160 – C7-0091/2012 – 2012/2058(BUD))

Committee on Budgets

Rapporteur: Jan Kozłowski

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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 (EGF/2012/000 TA 2012 - Technical assistance at the initiative of the Commission)
(COM(2012)0160 – C7-0091/2012 – 2012/2058(BUD))**

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2012)0160 – C7-0091/2012),
 - 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 (A7-0187/2012),
- A. whereas the European Union has set up the appropriate 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 Commission implements the Fund in accordance with the general rules set up by Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³ and the implementing rules applicable to this form of implementation of the budget,
- 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

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ OJ L 248, 16.9.2002, p. 1.

2006 in respect of the adoption of decision to mobilise the EGF,

- D. whereas up to 0,35% of the annual EGF amount can be made available each year for technical assistance at the initiative at the Commission, in order to finance monitoring, information, administrative and technical support, as well as audit, control and evaluation activities necessary to implement the EGF Regulation, as stipulated in Article 8(1) of that Regulation, including the provision of information and guidance for the Member States in using, monitoring and evaluating the EGF and providing information on using the EGF to the European and national social partners (Article 8(4) of the EGF Regulation),
- E. whereas, in accordance with Article 9(2), 'Information and publicity ', of the EGF Regulation, the Commission shall set up an internet site, available in all Union languages, to provide and diffuse information on applications, highlighting the role of the budgetary authority,
- F. whereas, on the basis of those articles, the Commission requested that the EGF be mobilised in order to monitor applications received and paid and measures proposed and implemented, to expand the website, produce publications and audio-visual tools, to create a knowledge base, to provide administrative and technical support to Member States, and to prepare for the final evaluation of the EGF,
- G. whereas the application fulfils the eligibility criteria laid down by the EGF Regulation,
 - 1.. Agrees with the measures proposed by the Commission to be financed as technical assistance in accordance with Article 8(1) and (4) as well as with Article 9(2) of the EGF Regulation;
 - 2..Notes that the Commission will start to prepare the final evaluation of the EGF; regrets, however, that the results will arrive too late to feed into the discussion on the new regulation for the EGF in 2014-2020, especially regarding the effectiveness of the use of the crisis derogation criterion, since the concerned EGF cases were not analysed in the EGF mid-term evaluation report;
 - ..3. Believes that other savings could be made with regard to the administrative and technical support requested by the Commission;
 - ..4.. Interrogates the Commission on the impact and efficiency of the information tools funded by technical assistance in previous years; asks for reliable data on the use of those tools;
 - ..5. Notes that the Commission will continue to work on the standardised procedures for simplified applications, faster processing of the applications and better reporting; asks the Commission to present the progress made following the use of technical assistance in 2011; recalls the need to shorten the application procedures;
 - ..6.. Recalls the importance of networking and exchange of information on the EGF; supports, therefore, the funding of the Expert Group of Contact Persons of the EGF; underlines further the importance to liaise all those involved in EGF applications, including the social partners, to create as many synergies as possible;

7..Encourages the Member States to profit from the exchange of best practices and to learn particularly from those Member States that have already put in place national information networks on the EGF involving the social partners and stakeholders at local level with a view to having a good structure for assistance in place once mass redundancies might occur;

8..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 Parliament's request to accelerate 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 made within the framework of the upcoming review of the EGF and that greater efficiency, transparency and visibility of the EGF will be achieved;

9. Welcomes the fact that following repeated requests from Parliament, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01; 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 there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF;

.10. Regrets the decision of the Council to block the extension of the "crisis derogation", allowing to provide 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 increase 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;

11.Approves the decision annexed to this resolution;

.12. 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;

13. 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

of xxx

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 (EGF/2012/000 TA 2012 - Technical assistance at the initiative of the Commission)

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 Inter-institutional 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 8(2) 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 and to assist them with their reintegration into the labour market.
- (2) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.
- (3) Regulation (EC) No 1927/2006 provides that 0,35 % of the annual maximum amount can be made available each year for technical assistance at the initiative of the Commission. The budgetary authority proposes to mobilise an amount of **EUR 730 000**.
- (4) The EGF should, therefore, be mobilised in order to provide technical assistance at the initiative of the Commission,

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2012, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of **EUR 730 000** in commitment and payment appropriations.

Article 2

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

Done at ,

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

II. State of play: Commission's proposal

On 4 April 2012 the Commission has adopted a new proposal for a decision on the mobilisation of the EGF.

It concerns the mobilisation of **EUR 1.12 million** from the Fund, covering technical assistance for the Commission. According to Article 8(1) of the legal basis, 0.35% of the annual maximum amount of the EGF can be made available each year for technical assistance at the initiative of the Commission. A maximum of EUR 1.75 million can be used each year in order to cover the indicated needs for the implementation of the Fund.

According to Commission's proposal, this amount is intended to cover the following activities:

Monitoring: The Commission will collect the data on applications received and paid, and the measures proposed and implemented, and it will update and print the Statistical Portrait of the EGF with information up to the end of 2012. The cost is estimated at EUR 20 000.

Information: The web site on the EGF³, which the Commission has set up within its Employment, Social Affairs and Inclusion area, and which it is maintaining as required under Article 9(2) of Regulation (EC) No 1927/2006, will be regularly updated and expanded, with each new element also being translated into all EU languages. Information folders will be printed, and the annual report of the EGF will be produced, translated, printed and distributed.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 406, 30.12.2006, p. 1.

³ <http://ec.europa.eu/egf>

General awareness of the EGF and its visibility will be enhanced, inter alia by the production of a video based on several EGF cases being implemented or recently closed. The EGF will be covered in various Commission publications and audio-visual activities. Costs for all these items are estimated at EUR 200 000.

Creation of a knowledge base: The Commission is continuing its work with a view to setting up standardised procedures for EGF applications and their processing, which will allow future applications to be simplified, their processing to be speeded up and reports to be more easily extracted for varying needs. The cost is estimated at EUR 60 000.

It will create and rationalise a database containing the facts and figures of EGF cases, including workers, measures and outcomes. The cost is estimated at EUR 60 000.

The Commission will also be gathering data on the timelines of redundancies in the Member States, particularly under the Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies¹; this is estimated at EUR 60 000.

Administrative and technical support: The Expert Group of Contact Persons of the EGF, with one member from each Member State, will be holding two meetings, together estimated at EUR 70 000. In addition, the Commission will be organising networking and the exchange of successful practices among the Member States, enabling participants with experience of EGF implementation to learn from and advise each other. This networking activity will include two seminars. The total cost is estimated at EUR 250 000.

Evaluation: The Commission will start to prepare the final evaluation of the EGF by means of a contract with an external consultant evaluating EGF cases as and when they are closed during the next two years, and focusing on management systems, participants in the measures, and outcomes. The cost for the first year of this preparatory evaluation is estimated at EUR 400 000, which will cover some 32 cases, to be evaluated as soon as final reports are received by the Commission.

III. Financing:

The IIA allows the mobilisation of the Fund within an annual ceiling of EUR 500 million. Article 8(1) of Regulation (EC) No 1927/2006 states that 0.35 % of this amount (i.e. EUR 1 750 000) can be made available each year for technical assistance at the initiative of the Commission. Currently, the full amount for 2012 remains available; nothing has yet been allocated to technical assistance. The proposed contribution for technical assistance at the initiative of the Commission in 2012 is EUR 1.12 million. Following the mobilisation of this amount, the amount of EUR 630 000 potentially remains available in case of further need at a later stage in the year.

This is the first EGF application for the mobilisation of the Fund submitted to the Budgetary Authority in 2012 for technical assistance at the initiative of the Commission. Therefore, deducing from the appropriations available the total current amount requested (EUR 1.12 million) an amount of EUR 497.237.970 remains available until the end of 2011. This will

¹ OJ L 225, 12.8.1998, p. 16.

leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of 2012, as required by Article 12(6) of the EGF Regulation.

IV. Procedure

The Commission has presented a transfer request¹ in order to enter specific commitment and payment appropriations in the 2012 budget, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

The trialogue on the Commission's proposal for a Decision on the mobilisation of the EGF could take a simplified form (an exchange of letters), 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 gave 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.

¹ DEC 03/2012 of 17 April 2011

ANNEX: LETTER OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/jm
D(2012)22236

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/2012/000 TA 2012 (COM(2012)160 final)

Dear Mr Lamassoure,

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/2012/000 TA 2012** 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 according to Article 8(1) of the EGF Regulation (EC) No 1927/2006, 0,35% of the annual maximum amount of the EGF (500 Mio Euros per year) can be made available each year for technical assistance at the initiative of the Commission; underlines the purpose of such technical assistance - monitoring, information, creation of a knowledge base, administrative and technical support and evaluation;
- B) Whereas activities for the mid-term evaluation of the EGF, as laid down in Article 17§1a of Regulation (EC) No 1927/2006, were contracted out with the resources of the 2010 budget and whereas the ex-post evaluation of the EGF will not begin until 2012;
- C) Whereas the number of EGF cases that has been wind up until today provides for a considerable number of qualitative and quantitative data regarding the influence of the EGF in relation to the employability of the workers made redundant due to the effects of globalisation or the financial and economic crisis;
- D) Whereas the operation of the EGF under current Regulation (EC) No 1927/2006 will come to an end soon and this analysis is very important for the negotiations on the new EGF regulation for the period 2014-2020;
- E) Whereas the technical assistance provided by the Commission to the Member States

supports and enhances the use of the EGF by providing information on the applications and by spreading best practice among the Member States;

- F) Whereas the EGF Working Group has frequently underlined the necessity of a better visibility of the EGF as an community instrument of solidarity with the workers made redundant;

Therefore, the Committee on Employment and Social Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions in its motion for a resolution concerning the mobilisation of the fund for technical assistance of the Commission:

1. Agrees with the measures proposed by the Commission to be financed as Technical Assistance in accordance with Articles 8§1 and 4 as well as with Article 9§2 of the EGF regulation (1927/2006);
2. Notes that the Commission will start to prepare the final evaluation of the EGF; regrets, however, that the results will arrive too late to feed into the discussion on the new regulation for the EGF in 2014-2020, especially regarding the effectiveness of the use of the crisis derogation criterion, since the concerned EGF cases were not analysed in the EGF mid-term evaluation report;
3. Regrets that the Commission does not envisage any particular awareness raising activities for 2012 in the situation where the utility of the EGF and its existence in the next financing period are questioned by Member States, including the frequent users of the Fund; recalls that the current proposal for the technical assistance will leave around 630 thousand EUR unused for 2012;
4. Interrogates the Commission on the impact and efficiency of the information tools funded by technical assistance in previous years; asks for reliable data on the use of those tools;
5. Notes that the Commission will continue to work on the standardised procedures for simplified applications, faster processing of the applications and better reporting; asks the Commission to present the progress made following the use of technical assistance in 2011; recalls the need to shorten the application procedures;
6. Recalls the importance of networking and exchange of information on the EGF; supports, therefore, the funding of the Expert Group of Contact Persons of the EGF; underlines further the importance to liaise all those involved in EGF applications, including the social partners, to create as much synergies as possible;
7. Encourages the Member States to profit from the exchange of best practice possibilities and to learn particularly from those Member States that have already in place national information networks on the EGF involving the social partners and stakeholders at local level with a view to have a good structure for assistance in place once mass redundancies might occur.

Yours sincerely,

Pervenche Berès

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	31.5.2012
Result of final vote	+: 30 -: 7 0: 0
Members present for the final vote	Marta Andreasen, Richard Ashworth, Francesca Balzani, Zuzana Brzobohatá, Jean-Luc Dehaene, James Elles, Göran Färm, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ivars Godmanis, Lucas Hartong, Jutta Haug, Sidonia Elżbieta Jędrzejewska, Anne E. Jensen, Ivailo Kalfin, Sergej Kozlík, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, Claudio Morganti, Juan Andrés Naranjo Escobar, Nadezhda Neynsky, Dominique Riquet, Alda Sousa, László Surján, Jacek Włosowicz
Substitute(s) present for the final vote	François Alfonsi, Alexander Alvaro, Charles Goerens, Edit Herczog, Jürgen Klute, Jan Olbrycht, Paul Rübig, Peter Šťastný, Gianluca Susta