REPORT


Committee on Budgets

Rapporteur: Angelika Werthmann
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION


The European Parliament,

– having regard to the Commission proposal to the European Parliament and the Council (COM(2013)0120 – C7-0060/2013),

– 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 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 (A7-0133/2013),

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 scope of the European Globalisation Adjustment Fund (EGF) was broadened for applications submitted from 1 May 2009 to 31 December 2011 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 submitted application EGF/2011/016 IT/Agile for a financial contribution from the EGF, following 1,257 redundancies in Agile S.r.l. with 856 workers targeted for EFG co-funded measures, during the reference period from 22 September 2011 to 22 December 2011;

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

1. Agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, Italy is entitled to a financial contribution under that Regulation;

2. Notes with regret that the Italian authorities submitted the application for EGF financial contribution on 30 December 2011 and that its assessment was made available by the Commission on 7 March 2013; regrets the lengthy evaluation period of 15 months; calls on the Commission to conclude the evaluation phase and finally present proposals for decisions on the remaining cases submitted in 2011;

3. Notes that the 1,257 redundancies in Agile S.r.l, an enterprise operating in the Information and Communications Technology (ICT) sector in Italy, were caused by the deeper than expected downturn of the IT sector and the tightening of credit that followed the economic and financial crisis putting an extra burden on the enterprise which could not work out a profitable solution and entered into insolvency proceedings in 2010;

4. Recalls that the Commission has already recognised that ICT sectors had been hit by the crisis in the past as the EGF has supported workers dismissed in the sector of ICT in Holland (case EGF/2010/012 Noord Holland);

5. Emphasises the fact that the Agile redundancies are spread out over most of the whole Italy and that the territories concerned are 12 out of the 19 Italian regions: Piemonte, Lombardia, Veneto, Emilia-Romagna, Tuscany, Umbria, Lazio, Campania, Puglia, Basilica and Calabria and Sicily;

6. Notes that during the three years 2008 to 2010 the unemployment rate in Italy increased from 6.8% to 8.5% and that in eight of the twelve regions concerned there was an increase above the national average ranging from 1.9% to 2.6%; highlights the fact that the Agile redundancies will further exacerbate the current fragile employment situation, in particular in the Southern regions where the outlook of economic recovery is less optimistic;

7. 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 15 March 2012, well ahead of the final decision on granting the EGF support for the proposed coordinated package;

8. Calls on the Italian authorities to use the EGF support to its full potential and encourage the maximum number of workers to participate in the measures; recalls that early EGF interventions in Italy suffered from relatively low rate of budget implementation mainly

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due to low participation rates;

9. Notes that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 856 workers into employment such as career advice and skills assessment, outplacement and job-search assistance, vocational training and skills upgrades, postgraduate education, entrepreneurship promotion and contribution to business start-up, hiring benefits, mentoring after reintegration into work, job-search allowances and contributions towards special expenses such as contribution for carers of dependent persons, contribution to commuting expenses and contribution to the expenses for moving their residence to take up a new job;

10. Welcomes, in the coordinated package of personalised services, the module "Mentoring after reintegration into work", which is aimed at assuring that the return of the workers on the labour market is sustainable;

11. Welcomes the fact that the contribution to expenses of residence shall only be paid as a one-off contribution upon presentation of proof of the expenditure incurred;

12. Welcomes the contributions to the towards special expenses for carers foreseen to enable reconciliation of workers with dependent persons (children, elderly or disabled persons) to take care of these persons, to allow the workers participating in the programme to reconcile trainings and job search with family obligations;

13. Welcomes the fact that the social partners, and in particular the involvement of trade unions at local level, were consulted on the design of the measures of the coordinated EGF package 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;

14. 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;

15. Ask the Commission to further detail in future proposals the types of training to be provided, in which sectors the workers are likely to find employment and if the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals but welcomes the strict link between the voucher and each worker's agreed pathway of reintegration;

16. 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 EU 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;

17. Underlines the importance of good and swift cooperation between the Commission and
Member States when preparing applications under the forthcoming new EGF regulation in order to provide EGF support speedily;

18. Requests the institutions involved to make the necessary efforts to improve procedural arrangements in order to accelerate the mobilisation of the EGF; appreciates the improved procedure put in place by the Commission, following Parliament's request for the accelerated 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 integrated and that greater efficiency, transparency and visibility of the EGF will be achieved;

19. 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;

20. Approves the decision annexed to this resolution;

21. 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;

22. 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 ...

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/2011/016 IT/Agile from Italy)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹, and in particular point 28 thereof,

Having regard to Regulation (EC) No 1927/2006 of the European Parliament and of the Council of 20 December 2006 establishing the European Globalisation Adjustment Fund², and in particular Article 12(3) thereof,

Having regard to the proposal from the European Commission³,

Whereas:

(1) The European Globalisation Adjustment Fund (EGF) was established to provide additional support for workers made redundant as a result of major structural changes in world trade patterns due to globalisation and to assist them with their reintegration into the labour market.

(2) The scope of the EGF was broadened for applications submitted from 1 May 2009 to 30 December 2011 to include support for workers made redundant as a direct result of the global financial and economic crisis.

(3) The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.

(4) Italy submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Agile S.r.l, on 30 December 2011 and supplemented it by additional information up to 2 October 2012. 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 3 689 474.

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

³ OJ C [...], […], p. […].
HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the European Union for the financial year 2013, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 3 689 474 in commitment and payment appropriations.

Article 2

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President
EXPLANATORY STATEMENT

I. Background

The European Globalisation Adjustment Fund has been created in order to provide additional assistance to workers suffering from the consequences of major structural changes in world trade patterns.

According to the provisions of point 28 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management and of the Article 12 of Regulation (EC) No 1927/2006, the Fund may not exceed a maximum amount of EUR 500 million, drawn from any 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. The Agile application and the Commission's proposal

On 7 March 2013, 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 due to major structural changes in world trade patterns due to globalisation.

This is the third application to be examined under the 2013 budget and refers to the mobilisation of a total amount of EUR 3,689,474 from the EGF for Italy. It concerns 1,257 redundancies in Agile S.r.l., an Italian IT services provider, with 856 workers targeted for EGF co-funded measures during the reference period from 22 September 2011 to 22 December 2011. All of these redundancies were calculated in accordance with the third indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

The application was sent to the Commission 30 December 2011, supplemented by additional information up to 2 October 2012. The Commission has concluded that the application meets the conditions for deploying the EGF as set out in Regulation (EC) No 1927/2006.

The Italian authorities argue that according to available data, the financial crisis, in particular during the 2008/2009 period, contributed significantly to the slowdown in the ICT sector. Between 2005 and 2008 the ICT market in the EU grew at a rate exceeding 3 % per year (in 2007 -compared with the previous year- it grew by 6.8 %) while 2009 marked the reversal of the trend with a negative growth of 2.4 %. This downward trend continued in 2010 (-1 %). The Italian ICT sector followed a similar trend as the EU as a whole. However the crisis had a major impact on the sector and the negative growth reached -4.2 % in 2009 and -2.5 % in 2010 compared with the relevant previous years.

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3 Assinform – Italian Association of Information & Communications Technologies (www.assinform.it)
The consequences of the global economic and financial crisis hit the information technology market in the EU particularly hard. In 2009 the volume of trade decreased by EUR 20 billion representing -5.4% compared with the previous year. Compared with 2008, the hardware and technical assistance sub-sectors decreased in 2009 by 7.6% at EU level and by 10% in Italy, while the software and services sub-sectors decreased by 4% in the EU and by 5.6% in Italy.

The Italian authorities argue that the strong decline of the ICT sector in Italy hit Agile S.r.l. particularly hard. The effects of the global financial and economic crisis occurred when Agile was changing its commercial strategy by moving from offering call center services at local level to offering integrated IT services at multiregional level. In a context of downturn the enterprise’s efforts and the necessary investment proved to be unequal to achieving Agile’s goals of growth, resulting in heavy losses and eventually in insolvency with the consequence of dismissals.

The co-ordinated package of personalised services to be co-funded includes measures for the reintegration of 856 workers into employment such as career advice and skills assessment, outplacement and job-search assistance, vocational training and skills upgrades, postgraduate education, entrepreneurship promotion and contribution to business start-up, hiring benefits, mentoring after reintegration into work, job-search allowances and contributions towards special expenses such as contribution for carers of dependent persons, contribution to commuting expenses and contribution to the expenses for moving their residence to take up a new job;

According to the Italian authorities, the measures initiated on 15 March 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 as follows: The Ministerio del lavoro e delle politiche sociali – Direzione Generale per le Politiche attive e Passive del lavoro (MLPS – DG PAPL) is the managing, certifying and audit authority (MLPS – DG PAPL Ufficio A as managing authority; MLPS – DG PAPL Ufficio B as certifying authority and MLPS – DG PAPL Ufficio C as audit authority). Eight regional authorities (i.e. Emilia-Romagna, Lazio, Lombardia, Piemonte, Toscana, Umbria, Veneto and Sicilia) will be the intermediate bodies for the managing authority.
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 3 689 474 from the EGF reserve (40 02 43) to the EGF budget line (04 05 01).

This is the third proposal for the mobilisation of the Fund submitted to the Budget Authority in 2013. 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 II: LETTER OF COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

EK/ic
D(2013)16210

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/2011/016 IT/Agile from Italy (COM(2013)0120 final)

Dear Chair,

The Committee on Employment and Social Affairs (EMPL) as well as its Working Group on the EGF examined the mobilisation of the EGF for the case EGF/2011/016 IT/Agile from Italy and adopted the following opinion.

The EMPL committee and the Working Group on the EGF are in favour of the mobilisation of the Fund concerning this request. In this respect, the EMPL committee presents some remarks without, however, putting into question the transfer of the payments.

The deliberations of the EMPL committee are based on the following considerations:

A) Whereas this application is based on Article 2 (a) of the EGF regulation and targets for support 856 workers of the total of 1 257 workers dismissed in Agile within the reference period between 22 September 2011 and 22 December 2011;

B) Whereas the Italian authorities argue that the redundancies were caused by the global financial and economic crises which caused consecutive drops in growth of ICT sector in 2009 and 2010;

C) Whereas the Italian authorities claim that the downturn hit in particular hardware and technical assistance (10% decrease in Italy in 2009) as well as software and services (5,6% decrease in Italy in 2009);

D) Whereas the Italian authorities claim that Agile was hit by the crisis particularly hard given that the slowdown in the sector occurred at the movement of deep changes in Agile's commercial strategy (moving towards integrated IT services) and the costs of investments could not have been covered by decreasing profits leading to insolvency;

E) Whereas the Agile dismissals were spread over most of the whole Italy and concerned 12 out of 19 regions;

F) Whereas 70,72 % of the workers targeted by the measures are men and 29,28 % are women; whereas 75,23 % of the workers are between 24 and 54 years old and 23,87% of workers are older than 55 years;
G) Whereas the dismissed labour force is divers with 36.36% of the dismissed workers being technicians and associated professionals, 29.99 defined as professionals and 20.92 belonging to the category of clerks;

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 with regret that the Italian authorities submitted the application for EGF financial contribution on 30 December 2011 and that its assessment was made available by the European Commission on 7 March 2013; regrets the lengthy evaluation period of 15 months; calls on the Commission to conclude evaluation phase and finally present proposals for decisions on the remaining cases submitted in 2011;

3. Recalls that the Commission has already recognised that ICT sectors had been hit by the crisis in the past as the EGF has supported workers dismissed in the sector of ICT in Holland (case EGF/2010/012 Noord Holland);

4. Welcomes the fact that in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the measures on 15 March 2012 well ahead of the final decision on granting the EGF support for the proposed coordinated package;

5. Calls on the Italian authorities to use the EGF support to its full potential and encourage the maximum number of workers to participate in the measures, recalls that early EGF interventions in Italy suffered from relatively low rate of budget implementation mainly due to low participation rates;

6. Welcomes the fact that the design of the measures was consulted with the social partners at local level;

7. Welcomes in the coordinated package of personalised services the module "Mentoring after reintegration into work" which is aimed at assuring that the return of the workers on the labour market is sustainable;

8. Welcomes the fact that the contribution to expenses of residence shall only be paid as a one-off contribution upon presentation of proof of the expenditure incurred;

9. Welcomes the contributions towards special expenses for carers foreseen to enable reconciliation of trainings and job search with family obligations;

10. Ask the Commission to further detail in future proposals the types of training to be provided, in which sectors the workers are likely to find employment and if the training on offer is aligned to the future economic prospects and labour market needs in the regions
concerned by the dismissals, but welcomes the strict link between the voucher and each worker's agreed pathway of reintegration;

11. Underlines the importance of good and swift cooperation between the Commission and Member States when preparing applications under the coming new EGF regulation in order to provide EGF support speedily.

Yours sincerely,

Pervenche Berès
RESULT OF FINAL VOTE IN COMMITTEE

<table>
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<tr>
<th>Date adopted</th>
<th>26.3.2013</th>
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| Result of final vote | :+: 30  
| | -: 2  
| | 0: 0 |
| Members present for the final vote | Richard Ashworth, Zuzana Brzobohatá, Jean Louis Cottigny, José Manuel Fernandes, Eider Gardiazábal Rubial, Salvador Garriga Polledo, Jens Geier, Ingeborg Gräßle, Jutta Haug, Sidonia Elżbieta Jędrezejewska, Anne E. Jensen, Ivailo Kalfin, Jan Kozłowski, Alain Lamassoure, Giovanni La Via, George Lyon, Claudio Morganti, Jan Mulder, Vojtěch Mynář, Nadezhda Neynsky, Dominique Riquet, László Surján, Helga Trüpel, Jacek Włosowicz |
| Substitute(s) present for the final vote | François Alfonsi, Frédéric Daerden, Hynek Fajmon, Charles Goerens, Jürgen Klute, Maria Muñiz De Urquiza, Georgios Stavrakakis, Catherine Trautmann |