Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Sweden

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The Committee on Budgets adopted the report drafted by Frédéric DAERDEN (S&D, BE) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 454 560** in commitment and payment appropriations to assist Sweden in respect of redundancies in the automobile manufacturing sector.

Members recall that 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. Given that Sweden has requested assistance for 3 748 total eligible redundancies, 1 350 of which are targeted for assistance for workers of *Saab Automobile SA*, one of its subsidiaries, namely *SAAB Automobile Powertrain AB*, and 16 of its suppliers in Sweden, Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Sweden is therefore entitled to a financial contribution under this Regulation**.

Members welcome the fact that the Swedish authorities aimed to help the dismissed workers immediately and that the implementation of the coordinated package of personalised services started already on 20 December 2011 - ahead of the decision to grant EGF support.

Members, however, regret that despite applying for EGF support, Sweden is among the countries **undermining the future of the Fund after 2013** and blocking the extension of the crisis derogation.

Members also regret that bankruptcy of Saab led to a 20% increase in unemployment in the region of Trollhattan, where the production plant was based and note that this is yet another EGF application addressing dismissals in the **automotive sector** and that, with 16 applications, this sector has been the subject of the **most EGF applications** submitted, both in relation to crisis and to globalisation criteria.

They emphasise the key importance of adapted training and recognition of skills and competences gained throughout the professional career. They stress that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, and to the current business environment.

Lessons learnt from the implementation of the EGF: Members highlight the fact that lessons should be learned from the implementation of the EGF and request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. They also appreciate the improved procedure put in place by the Commission, following 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. They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact that assistance from the EGF **can co-finance only active labour market measures which lead to durable, long-term employment;**
- 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;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

Retraining of automobile sector workers: Members welcome the fact that the training offered is matched with the future skills and qualifications needed in the region and that it will be focused on growth areas, such as the renewables sector. However, they regret that the Commission proposal does not include more detailed information concerning the consultation process of the social partners in the implementation of measures and in particular, concerning the involvement, possibly financial, of Saab.

Insufficient budgetary resources: Members regret the fact that the payment appropriations of EUR 50 000 000 on the EGF budget line (line 04 05 01) in the 2012 budget has proved to be insufficient to cover all needed payments. They also regret that the Commission has proposed to cover this payment through a transfer of payment appropriations from European Progress Microfinance Facility (line 04 04 15) **instead of asking for fresh money through Draft Amending Budget No 6/2012**, as it justifiably did for other requests for EGF mobilisation, and part of this application.

Members recall that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Lastly, Members deplore the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of 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 allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.