Procedure file

Basic information

BUD - Budgetary procedure	2009/2135(BUD)	Procedure completed

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Belgium and computer manufacturing industry in Ireland

Subject
3.40.06 Electronics, electrotechnical industries, ICT, robotics
3.40.10 Textile and clothing industry, leathers
4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)
4.15.12 Workers protection and rights, labour law
5.03 Global economy and globalisation
8.70.60 Previous annual budgets

Geographical area
Ireland
Belgium

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		21/07/2009
		PPE BÖGE Reimer	
		Shadow rapporteur	
		S&D GARDIAZABAL RUBIAL Eider	
	Committee for opinion	Rapporteur for opinion	Appointed
	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2972	10/11/2009

Key events

30/09/2009	Non-legislative basic document published	COM(2009)0515	Summary
07/10/2009	Committee referral announced in Parliament		
05/11/2009	Vote in committee		Summary
06/11/2009	Budgetary report tabled for plenary	A7-0044/2009	
10/11/2009	Draft budget approved by Council		
10/11/2009	Draft budget approved by Council		

24/11/2009	Debate in Parliament		
25/11/2009	Results of vote in Parliament		
25/11/2009	Decision by Parliament	T7-0087/2009	Summary
25/11/2009	End of procedure in Parliament		
11/12/2009	Final act published in Official Journal		

Technical information

Procedure reference	2009/2135(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/01150

Documentation gateway

Non-legislative basic document		COM(2009)0515	30/09/2009	EC	Summary
Committee draft report		PE430.363	20/10/2009	EP	
Budgetary report tabled for plenary, 1st reading		A7-0044/2009	06/11/2009	EP	
Budgetary text adopted by Parliament		T7-0087/2009	25/11/2009	EP	Summary

Final act

Decision 2009/931
OJ L 325 11.12.2009, p. 0001 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Belgium and computer manufacturing industry in Ireland

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for several cases of redundancies in the textile sector in Belgium and the computer manufacturing industry in Ireland.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market (see COD/2006/0033). This Regulation was last amended by Regulation (EC) N° 546/2009 which broadens the scope for application of the EGF. The amended Regulation is applicable for applications received from 1 May 2009.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the applications submitted by Belgium and Ireland. These are as follows:

1) Cases EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles: the two applications were received by the Commission from the Belgian authorities on 5 May 2009. They were based upon the specific intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006. Since these applications were received after the 1 May 2009, they were assessed (in accordance with Article 2 of Regulation (EC) No 546/2009 of the European Parliament and of the Council amending Regulation (EC) No 1927/2006 on establishing the European Globalisation Adjustment Fund on the basis of the new rules. The criteria chosen by the Belgian authorities requires at least 500 redundancies over a 9-month period in a NACE (statistical classification of economic activities) Revision division ('manufacture of textiles') in two contiguous regions: East and West Flanders and Limburg respectively. The two applications demonstrate that a total of 2 199 redundancies occurred in 46 enterprises operating in the Belgian textiles sector during the reference period. In order to establish the link between the redundancies and the major structural changes in world trade patterns, Belgium argues6 in both applications that there has been

an increase of 23% of imports of textiles into the EU-25 for the period 2003 ? 2007; for the same period the export of textiles from the EU-25 to the rest of the world only increased by 3.6%.

Negative effects: the applicant states that 86.6% of the jobs in the textiles industry in Belgium are located in regions concerned by the two applications. Between 2005 and 2007, 3 419 jobs were already lost in the textiles industry, i.e. a reduction of 12.5 %, whereas in the same period the reduction was only 0.7 % for the manufacturing sector as a whole. The current number of direct job losses in the

textiles industry, covered by both applications, as well as the ensuing number of indirect job losses in sectors such as transport, maintenance and catering will have a significant impact on local and regional employment. The situation will be further exacerbated by the low job mobility in the textiles industry. In addition, as a result of the current economic and financial crisis a large number of job losses in other sectors have occurred in the regions concerned. In such circumstances, the redundancies can be seen to have a significantly negative effect on the local and regional labour market.

In conclusion: it is proposed to accept applications EGF/2009/004 BE/Oost en West Vlaanderen textiles and EGF/2009/005 BE/Limburg textiles submitted by Belgium. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is EUR 7 519 625 for application EGF/2009/004 BE/Oost en West Vlaanderen textiles and EUR 1 679 249 for application EGF/2009/005 BE/Limburg textiles, that is EUR 9 198 874 in total.

2) Case EGF/2009/08 IE/Dell: the application was received by the Commission from the Irish authorities on 29 June 2009. It was based upon the specific intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006. It was assessed as the previous one since the application was received after 1 May 2009. The intervention criteria require at least 500 redundancies over a four-month period (from 3 February 2009 to 2 June 2009) and concerns a total of 2 840 redundancies. In order to establish the link between the redundancies and the financial and economic crisis, Ireland argues that world trade patterns in the computer manufacturing industry have been significantly impacted by the global economic and financial crisis. This has exacerbated the effects of changes already occurring in world trade patterns, and has resulted in major manufacturers, such as Dell, being forced or encouraged earlier than they might otherwise have planned, to seek out countries with lower production and labour costs. The scheduled redundancies in Dell in Limerick, and its suppliers in the region, were caused by the company's decision to transfer 'mobile PC' production from Limerick to Asian original design manufacturers, largely based in China (for information, the Limerick site would have been left with a small amount of desktop manufacturing which would not have had the economies of scale to remain viable).

Negative effects: the scale of Dell's importance in Limerick is highlighted by their share of manufacturing employment and total employment in the Mid West Region. Of the 30 700 employed in the manufacturing sector, approx. 10.4 % were employed within Dell. This represents 1.7 % of total employment in the Region in 2008. In these circumstances, the redundancies can be seen to have a significantly negative effect on the local and regional economy.

In conclusion: it is proposed to accept application EGF/2009/08 IE/Dell submitted by Ireland. Evidence has been provided that these redundancies result from major structural changes in world trade

patterns, exacerbated by the global economic and financial crisis, which have led to a serious economic disruption, affecting the regional and local economy. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is EUR 14 831 050.

IMPACT ASSESSMENT: not applicable.

BUDGETARY IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 13 077 700 has already been mobilised for prior applications in 2009 leaving an amount of EUR 486 922 300 available. In the light of the examination of these applications, and considering the maximum possible amount of a grant from the EGF as well as the scope for reallocating appropriations, the Commission proposes to deploy the EGF for a total amount of EUR 24 029 924, to be allocated under heading 1a of the financial framework, via the simplified trialogue procedure, as required by Point 28 of the Inter-institutional Agreement of 17 May 2006.

The Commission invites the first of the two arms of the Budgetary Authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Belgium and computer manufacturing industry in Ireland

The Committee on Budgets adopted the report drawn up by Reimer BÖGE (EPP, DE) on the proposal for a decision to mobilise the European Globalisation Adjustment Fund (EGF) for a total amount of EUR 24 029 924 to assist the textile sector in Belgium and the computer manufacturing industry in Ireland following several cases of redundancies.

MEPs recall that the European Union set up the appropriate legislative and budgetary instruments to provide additional support to workers who suffer from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Belgium and Ireland requested assistance in respect of cases concerning redundancies in the textiles sector in the Belgian regions of East and West Flanders and Limburg, and in the computer manufacturing industry in the Irish counties of Limerick, Clare and North Tipperary, as well as the city of Limerick, and that both applications have fulfilled the eligibility criteria set up by the EGF Regulation, MEPs request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

MEPs recall the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the Fund. In particular, they stress that the European Union should use all its means to face the consequences of the global economic and financial crisis and that in this respect the EGF can play a crucial role in the reintegration of the workers made redundant into the labour market.

The report also recalls that:

- assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and

other various instruments created by the IIA of 17 May 2006, within the process of the 2007-2013 multiannual financial framework budget review.

It should also be noted that the Committee on Employment and Social Affairs has assessed the Commission's proposal and has no objections to raise in the case of Belgian applications, whereas clarifications have been requested form the Commission on the Irish application regarding the Dell case. MEPs will evaluate the consequences of the Commission replies before taking its final decision both on the legal and budgetary instrument.

Lastly, MEPs expect the Commission to take stock of the current difficulties and to present from now on its proposals for decisions on the mobilisation of the EGF in separate documents: one proposal for a decision per Member State application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Belgium and computer manufacturing industry in Ireland

The European Parliament adopted by 591 votes to 55, with 28 abstentions, a resolution approving the annexed decision concerning the mobilisation of the European Globalisation Adjustment Fund (EGF) for a total amount of EUR 24 029 924 to assist the textile sector in Belgium and the computer manufacturing industry in Ireland following several cases of redundancies.

Parliament recalls that the European Union set up the appropriate legislative and budgetary instruments to provide additional support to workers who suffer from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market.

Given that Belgium and Ireland requested assistance in respect of cases concerning redundancies in the textiles sector in the Belgian regions of East and West Flanders and Limburg, and in the computer manufacturing industry in the Irish counties of Limerick, Clare and North Tipperary, as well as the city of Limerick, and that both applications have fulfilled the eligibility criteria set up by the EGF Regulation, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

Parliament notes that the Committee on Employment and Social Affairs has assessed the Commission's proposal and has no objections to raise in the case of Belgian applications, but has requested clarifications from the Commission in respect of the Irish application regarding the Dell case.

Parliament recalls the institutions' commitment to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the Fund. In particular, it stresses that the European Union should use all its means to face the consequences of the global economic and financial crisis and that in this respect the EGF can play a crucial role in the reintegration of the workers made redundant into the labour market.

Parliament also recalls that:

- assistance from the EGF shall not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and other various instruments created by the IIA of 17 May 2006, within the process of the 2007-2013 multiannual financial framework budget review.

Parliament reminds the Commission, in the context of mobilising the EGF, not to systematically transfer payment appropriations from the European Social Fund, since the EGF was created as a separate specific instrument with its own objectives and deadlines.

Lastly, Parliament expects the Commission to take stock of the current difficulties and to present from now on its proposals for decisions on the mobilisation of the EGF in separate documents: one proposal for a decision per Member State application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in textiles sector in Belgium and computer manufacturing industry in Ireland

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) for several cases of redundancies in the textile sector in Belgium and the computer manufacturing industry in Ireland.

LEGISLATIVE ACT: Decision 2009/931/EC 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.

CONTENT: by this decision, the European Parliament and the Council have decided that for the general budget of the European Union for the financial year 2009, the European Globalisation Adjustment Fund shall be mobilised to provide the sum of EUR 24 029 924 in commitment and payment appropriations.

This amount shall provide assistance to :

- Belgium following the submission of two applications to mobilise the EGF, in respect of redundancies in the textiles sector, on 5 May 2009. Given that these applications comply with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, it has been decided to deploy an amount of EUR 9 198 874.
- Ireland following the submission of an application to mobilise the EGF, in respect of redundancies in the computer manufacturing industry, on 29 June 2009. Given that this application complies with the requirements for determining the financial contributions as laid down in abovementioned Regulation, it has been decided to deploy an amount of EUR 14 831 050.

To recall, the European Globalisation Adjustment Fund (EGF) was established to provide additional support to redundant workers who suffer

from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.