


# Procedure file

Basic information		
BUD - Budgetary procedure	<a href="#">2010/2253(BUD)</a>	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Poland		
Subject		
3.40.03 Motor industry, cycle and motorcycle, commercial and agricultural vehicles		
4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF)		
8.70.60 Previous annual budgets		
Geographical area		
Poland		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		09/11/2010
		PPE <a href="#">MATERA Barbara</a>	
		Shadow rapporteur	
		ALDE <a href="#">PICKART ALVARO Alexander Nuno</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Employment, Social Policy, Health and Consumer Affairs3053</a>		06/12/2010
European Commission	Commission DG	Commissioner	
	<a href="#">Budget</a>	LEWANDOWSKI Janusz	

Key events			
29/10/2010	Non-legislative basic document published	<a href="#">COM(2010)0616</a>	Summary
10/11/2010	Committee referral announced in Parliament		
02/12/2010	Vote in committee		Summary
06/12/2010	Budgetary report tabled for plenary	<a href="#">A7-0359/2010</a>	
06/12/2010	Draft budget approved by Council		
14/12/2010	Results of vote in Parliament		
14/12/2010	Decision by Parliament	<a href="#">T7-0457/2010</a>	Summary
14/12/2010	End of procedure in Parliament		
28/12/2010	Final act published in Official Journal		

Technical information	
Procedure reference	2010/2253(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/7/04437

Documentation gateway					
Non-legislative basic document		<a href="#">COM(2010)0616</a>	29/10/2010	EC	Summary
Committee draft report		<a href="#">PE452.649</a>	08/11/2010	EP	
Budgetary report tabled for plenary, 1st reading		<a href="#">A7-0359/2010</a>	06/12/2010	EP	
Budgetary text adopted by Parliament		<a href="#">T7-0457/2010</a>	14/12/2010	EP	Summary

Final act	
<a href="#">Decision 2010/805</a> <a href="#">OJ L 342 28.12.2010, p. 0017</a>	Summary

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

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automobile industry in Poland.

**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.

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 application submitted by Poland to mobilise the EGF. The main elements of the assessment are as follows:

**Poland:** application EGF/2010/004PL/Wielkopolskie Automotive from Poland: on 5 February 2010, Poland submitted application EGF/2010/004 PL/Wielkopolskie Automotive for a financial contribution from the EGF, following redundancies in two enterprises operating in the NACE Revision 2 Division 29 (manufacture of motor vehicles, trailers and semi-trailers)<sup>3</sup> in the NUTS II region Wielkopolskie (PL41) in Poland. The application was supplemented by additional information up to 6 July 2010.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation or the global financial and economic crisis, Poland argues that the redundancies in the automotive sector can be directly attributed to the global financial and economic crisis. It cites statistics showing that in 2008 and 2009 there were reductions in the number of registrations of new passenger cars in Europe by about 8% and 6.6% respectively. As a significant part (ca. EUR 17.6 billion per year) of the Polish automotive industry production is exported, mainly within the EU, a drop in demand abroad has a strong impact on the manufacturing companies in Poland. At the end of the first half of 2009, the number of employees in the industry was 179 000, or about 16.4% (or 35 000) less than in the same period in 2008. The automotive industry accounted for 29.7% of the number of workers who lost their jobs in the first half of 2009 in the private sector.

Some of the manufacturers of car components are considering the possibility of transferring their production to African countries due to the loss of competitive advantage by Poland, which will result in a further reduction in employment in the automotive industry. With respect to the firms covered by the application, the SEWS Polska Production Plant consolidated its production in its plant in Leszno (also in Poland), and in Romania. Leoni Autokabel Polska moved its activities out of the EU to Ukraine.

Poland submitted this application under 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. The application cites 1 596 redundancies in the NACE Revision 2 Division 29 (manufacture of motor vehicles, trailers and semi-trailers) in the NUTS II region of Wielkopolskie (PL41) during the nine-month reference period from 1 March 2009 to 30 November 2009.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No

1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Poland, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 633 077, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 633 077 to be allocated under heading 1a of the financial framework.

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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified dialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. 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. In case of disagreement by either of the two arms of the budgetary authority, a formal dialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

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

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The Committee on Budgets adopted the report drafted by Barbara MATERA (EPP, IT) on the proposal for a decision of the European Parliament and of the Council on mobilisation of the European Globalisation Adjustment Fund for an amount of EUR 633 077 in commitment and payment appropriations in respect of redundancies in the automobile industry in Poland.

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 Poland has requested assistance in respect of cases concerning 590 redundancies in two enterprises operating in the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) in the NUTS II region Wielkopolskie, and that this application fulfils the eligibility criteria set up by the EGF Regulation, Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

Members recall 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.

They also recall 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;
- the information provided by the Commission on the coordinated package of personalised services to be funded from the EGF includes detailed information on the complementarity with actions funded by the Structural Funds (the committee reiterates its call to present a comparative evaluation of these data in the Commission annual reports as well);
- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and various other instruments created by the [IIA of 17 May 2006](#) within the process of the 2007-2013 Multiannual Financial Framework mid-term review.

In parallel, Members welcome the fact that, in the context of mobilising the EGF, an alternative source of payment appropriations to unused European Social Fund has been proposed by the Commission, following the frequent reminders by the European Parliament that the EGF was created as a separate specific instrument with its own objectives and deadlines and that appropriate budget lines for transfers must therefore be identified.

They also note that, in order to mobilise the EGF for this case, payment appropriations will be transferred from a budget line dedicated to the support of SMEs and innovation (even if they regret the severe shortcomings of the European Commission when implementing the framework programmes on competitiveness and innovation, particularly during an economic crisis which should significantly increase the need for such support).

Lastly, Members welcome the new format of the Commission's proposal, which presents in its explanatory memorandum clear and detailed information on the application, analyses the eligibility criteria and explains the reasons which led to its approval, which is in line with Parliament's requests.

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

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The European Parliament adopted by 521 votes to 47, with 21 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of EUR 633 077 in commitment and payment appropriations in respect of redundancies in the automobile industry in Poland.

Parliament recalls 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 Poland has requested assistance in respect of cases concerning 590 redundancies in two enterprises operating in the NACE Revision 2 Division 29 (Manufacture of motor vehicles, trailers and semi-trailers) in the NUTS II region Wielkopolskie, and that this application fulfils 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.

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- the functioning and the added value of the EGF should be evaluated in the context of the general assessment of the programmes and various other instruments created by the [IIA of 17 May 2006](#) within the process of the 2007-2013 Multiannual Financial Framework mid-term review.

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

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automobile industry in Poland.

**LEGISLATIVE ACT:** Decision 2010/805/EU 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/2010/004 PL/Wielkopolskie Automotive from Poland).

**CONTENT:** by this Decision, the European Parliament and the Council have decided to mobilise EUR 633 077 in commitment and payment appropriations from the European Globalisation and Adjustment Fund in the framework of the 2010 budget.

The Fund will be mobilised to assist Poland in respect of redundancies in the automobile industry.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006, the Parliament and the Council have decided to respond by providing the aforementioned amount.

To recall, the European Globalisation Adjustment Fund ([EGF](#)) was set up 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 allows the mobilisation of the Fund within the annual ceiling of EUR 500 million. It should also be noted that 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.