


# Procedure file

Basic information		
BUD - Budgetary procedure	<a href="#">2010/2266(BUD)</a>	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in diesel engine manufacturing 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			
05/11/2010	Non-legislative basic document published	<a href="#">COM(2010)0631</a>	Summary
10/11/2010	Committee referral announced in Parliament		
02/12/2010	Vote in committee		Summary
03/12/2010	Budgetary report tabled for plenary	<a href="#">A7-0352/2010</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="#">T7-0462/2010</a>	Summary
14/12/2010	End of procedure in Parliament		
28/12/2010	Final act published in Official Journal		

Technical information	
Procedure reference	2010/2266(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/7/04470

Documentation gateway					
Non-legislative basic document		<a href="#">COM(2010)0631</a>	05/11/2010	EC	Summary
Committee draft report		<a href="#">PE452.691</a>	11/11/2010	EP	
Budgetary report tabled for plenary, 1st reading		<a href="#">A7-0352/2010</a>	03/12/2010	EP	
Budgetary text adopted by Parliament		<a href="#">T7-0462/2010</a>	14/12/2010	EP	Summary

Final act	
<a href="#">Decision 2010/807</a> <a href="#">OJ L 342 28.12.2010, p. 0019</a>	Summary

## Mobilisation of the European Globalisation Adjustment Fund: redundancies in diesel engine manufacturing in Poland

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in diesel engine manufacturing 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/2010/006 PL/H.Cegielski-Pozna? from Poland: on 8 March 2010, Poland submitted application EGF/2010/006 PL/H.Cegielski-Pozna? for a financial contribution from the EGF, following redundancies in H. Cegielski-Pozna? and four of its suppliers. The application was supplemented by additional information up to 10 August 2010.

In order to establish the link between the redundancies and the global financial and economic crisis, Poland explains that H.Cegielski-Pozna? is a manufacturer of two-stroke diesel engines used to drive ships, and also used at power plants. It also produces radial air blowers, piston and rotary compressors. The core business of H.Cegielski-Pozna? is the manufacture of marine diesel engines under licences from MAN Burmeister & Wain and Wartsila Switzerland Ltd (the licences are valid until the end of 2012). A combination of factors brought about reduced shipbuilding requirements and by the end of 2008 / beginning of 2009, the placement of new orders came to an almost complete halt. It is estimated that some 30% of the fleet in 2011 will be surplus and that therefore some 53 million deadweight tons (dwt) out of a total orderbook of 566 million dwt will be cancelled. Already, the crisis has caused a high number of inactive ships and ships operating at slow speeds around the world. In the future, the shipbuilding industry is expected to move to low cost areas, mainly in Asia, which have been increasing their market share spectacularly in the years leading up to the crisis.

Poland submitted this application under the intervention criteria of Article 2(a) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a four-month period in an enterprise in a Member State, including workers made redundant in its suppliers or downstream producers. The application cites 550 redundancies in H.Cegielski-Pozna? and four of its suppliers during the reference period from 1 September 2009 to 1 January 2010.

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 114 250, 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 114 250 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 diesel engine manufacturing 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 114 250 in commitment and payment appropriations in respect of redundancies in diesel engine manufacturing 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 189 redundancies in H. Cegielski-Pozna? and four of its suppliers, which operate in the manufacture of marine diesel engines sector, 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 diesel engine manufacturing in Poland

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The European Parliament adopted by 566 votes to 49, with 23 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of EUR 114 250 in commitment and payment appropriations in respect of redundancies in diesel engine manufacturing 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 189 redundancies in H. Cegielski-Pozna? and four of its suppliers, which operate in the manufacture of marine diesel engines sector, 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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In parallel, Parliament welcomes 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.

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## Mobilisation of the European Globalisation Adjustment Fund: redundancies in diesel engine manufacturing in Poland

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in diesel engine manufacturing in Poland.

**LEGISLATIVE ACT:** Decision 2010/807/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/2010/006 PL/H. Cegielski-Poznań from Poland).

**CONTENT:** by this Decision, the European Parliament and the Council have decided to mobilise EUR 114 250 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 diesel engine manufacturing.

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.