


# Procedure file

Basic information		
BUD - Budgetary procedure	<a href="#">2011/2125(BUD)</a>	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in printed circuit board manufacturing in Austria		
Subject 3.40.06 Electronics, electrotechnical industries, ICT, robotics 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets		
Geographical area Austria		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets	PPE <a href="#">MATERA Barbara</a> Shadow rapporteur ALDE <a href="#">PICKART ALVARO Alexander Nuno</a>	27/06/2011
	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="#">General Affairs</a>	<a href="#">3107</a>	18/07/2011
European Commission	Commission DG	Commissioner	
	<a href="#">Budget</a>	LEWANDOWSKI Janusz	

Key events			
10/06/2011	Non-legislative basic document published	<a href="#">COM(2011)0339</a>	Summary
23/06/2011	Committee referral announced in Parliament		
13/07/2011	Vote in committee		Summary
18/07/2011	Draft budget approved by Council		
23/08/2011	Budgetary report tabled for plenary	<a href="#">A7-0279/2011</a>	
14/09/2011	Results of vote in Parliament		

14/09/2011	Decision by Parliament	<a href="#">T7-0369/2011</a>	Summary
14/09/2011	End of procedure in Parliament		
07/10/2011	Final act published in Official Journal		

#### Technical information

Procedure reference	2011/2125(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/06289

#### Documentation gateway

Non-legislative basic document	<a href="#">COM(2011)0339</a>	10/06/2011	EC	Summary
Committee draft report	<a href="#">PE467.188</a>	17/06/2011	EP	
Amendments tabled in committee	<a href="#">PE469.743</a>	01/07/2011	EP	
Budgetary report tabled for plenary, 1st reading	<a href="#">A7-0279/2011</a>	23/08/2011	EP	
Budgetary text adopted by Parliament	<a href="#">T7-0369/2011</a>	14/09/2011	EP	Summary

#### Final act

[Decision 2011/653](#)  
[OJ L 263 07.10.2011, p. 0010](#) Summary

## Mobilisation of the European Globalisation Adjustment Fund: redundancies in printed circuit board manufacturing in Austria

**PURPOSE:** to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in printed circuit board manufacturing in Austria.

**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 Austria to mobilise the EGF. The main elements of the assessment are as follows:

**Austria:**EGF/2010/008 AT/AT&S: on 11 March 2010, Austria submitted application EGF/2010/008 AT/AT&S for a financial contribution from the EGF, following redundancies in AT&S in Austria. The application was supplemented by additional information up to 22 February 2011.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Austria argues that the production of printed circuit boards (PCBs) in Europe has for some time followed the same trend as the European mobile phone sector, i.e. mass production is being transferred to low-wage economies, mainly Asia and more specifically China. A large part of mobile phones and devices are produced in Asia, and almost three quarters of the world's PCB volume is produced there (proximity factor). Austria further argues that by approving several EGF applications in the mobile phone sector, the Commission has already recognised in the past that such a transfer of production capacities represents a structural shift in world trade patterns.

Following the drop in demand for circuit boards (- 40% in the business year 2008/2009 as compared to the previous year), AT&S decided in November 2008 to transfer its entire PCB mass production from Leoben to Shanghai resulting in a far-reaching downsizing of the Styrian site

and a chain of lay-offs over more than a year. Only small and medium-sized batch production for the European market remains in Austria, supplying mainly the EU's automotive and industrial sectors.

Austria submitted the application under the intervention criterion of Article 2(c) of Regulation (EC) No 1927/2006. This provision allows applicants to derogate from the requirements of Articles 2(a) and 2(b) in small labour markets or in exceptional circumstances when redundancies have a serious impact on employment and the local economy. In this case the applicant must specify which of the main eligibility requirements its application fails to meet, and thus from which it is seeking a derogation.

The Austrian authorities specified that the application seeks to derogate from Article 2(a), where the normal threshold is at least 500 redundancies over a four-month period. The application cites 167 redundancies in the AT&S Leoben site over the four-month reference period from 1 September 2009 to 31 December 2009, all calculated in accordance with the second indent of the second paragraph of Article 2 of Regulation (EC) No 1927/2006.

The Commission services consider that the 167 redundancies in question along with the redundancies due to the same cause before the four-month reference period have a serious impact on employment and the economy at local and NUTS III level, and that, in combination with the particularity in respect of the mass redundancy notification rules in Austria, the exceptional circumstances criterion of Article 2(c) of Regulation (EC) No 1927/2006 is met.

On the basis of the application from Austria, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 1 221 128, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: 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 referred to above, 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, as required by Article 12(6) of Regulation (EC) No 1927/2006.

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.

An amount of EUR 8 523 405 remains available on the EGF Budget line 04.0501 after adoption by both arms of the Budgetary Authority of two Decisions totalling an amount of EUR 777 390, and taking into account the four cases currently discussed by the Budgetary Authority for a total amount of EUR 38 308 155. This available amount will be used to cover the amount of EUR 1 221 128 needed for the present application.

## Mobilisation of the European Globalisation Adjustment Fund: redundancies in printed circuit board manufacturing in Austria

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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 EUR1 221 128 in commitment and payment appropriations in respect of redundancies in printed circuit board manufacturing in Austria.

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 Austria has requested assistance in respect of cases concerning 167 redundancies (of which 74 targeted for assistance) in the enterprise AT&S specialized in the printed circuit boards manufacturing in the district of Leoben located in the region of Eastern Upper Styria, 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 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.

Members welcome the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01. This dedicated allocation will avoid transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the various policies objectives.

## Mobilisation of the European Globalisation Adjustment Fund: redundancies in printed circuit

## board manufacturing in Austria

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The European Parliament adopted by 554 votes to 61, with 19 abstentions, a resolution on the proposal for a decision to mobilise the European Globalisation Adjustment Fund (EGF) for an amount of EUR 1 221 128 in commitment and payment appropriations in order to assist Austria in respect of redundancies in the printed circuit board manufacturing sector.

The European Parliament recalls that the 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 Austria has requested assistance in respect of cases concerning 167 redundancies (of which 74 targeted for assistance) in the enterprise AT&S specialized in the printed circuit boards manufacturing in the district of Leoben located in the region of Eastern Upper Styria, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount.

It appreciates, in this sense, the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants. It hopes that further improvements in the procedure will be made within the framework of the upcoming reviews of the EGF.

Parliament stresses 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.

It also recalls 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 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.

Moreover, Parliament calls for an evaluation on the long-term integration of these workers into the labour market as a direct result of the EGF-funded measures as well as comparative evaluation on the complementarity with actions funded by the Structural Funds.

At the same time, Parliament welcomes the fact that, following repeated requests from the Parliament, for the first time the 2011 budget shows payment appropriations of EUR 47 608 950 on the EGF budget line 04 05 01. The EGF was created as a separate specific instrument with its own objectives and deadlines and that therefore deserves a dedicated allocation, superseding transfers from other budget lines, as done in the past, which could be detrimental to the achievement of the various policies objectives.

## Mobilisation of the European Globalisation Adjustment Fund: redundancies in printed circuit board manufacturing in Austria

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**PURPOSE:** to mobilise the European Globalisation Adjustment Fund in respect of redundancies in printed circuit board manufacturing in Austria.

**NON-LEGISLATIVE ACT:** Decision 2011/653/EU 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 (application EGF/2010/008/AT/AT&S from Austria).

**CONTENT:** the European Parliament and the Council have decided that for the general budget of the European Union for the financial year 2011, the European Globalisation Adjustment Fund (EGF) shall be mobilised to provide the sum of EUR 1 221 128 in commitment and payment appropriations.

This amount is to assist in respect of redundancies in printed circuit board manufacturing in Austria.

Noting that the application from Austria fulfils the eligibility criteria set up by the [EGF Regulation](#) (Regulation (EC) No 1927/2006), the European Parliament and the Council have decided to mobilise the requested amount.

To recall, 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. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million.

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.