Procedure file

Basic information

BUD - Budgetary procedure	2012/2230(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in printing machinery manufacturing in Germany Subject 3.40.08 Mechanical engineering, machine-tool industry 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		26/09/2012
		PPE FERNANDES José Manuel	
		Shadow rapporteur	
		ALDE PICKART ALVARO Alexander Nuno	
	Committee for opinion	Rapporteur for opinion	Appointed
	CONT Budgetary Control	The committee decided not to give an opinion.	
	EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
	REGI Regional Development	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Transport, Telecommunications and Energy	3196	29/10/2012
European Commission	Commission DG	Commissioner	
	Budget	LEWANDOWSKI Janusz	

Key events

13/09/2012	Non-legislative basic document published	COM(2012)0493	Summary
18/10/2012	Vote in committee		
19/10/2012	Budgetary report tabled for plenary	A7-0346/2012	Summary
22/10/2012	Committee referral announced in Parliament		
23/10/2012	Results of vote in Parliament		

23/10/2012	Decision by Parliament	T7-0382/2012	Summary
29/10/2012	Draft budget approved by Council		
29/10/2012	End of procedure in Parliament		
28/11/2012	Final act published in Official Journal		

Technical information

Procedure reference	2012/2230(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/7/10659

Documentation gateway

Non-legislative basic document		COM(2012)0493	13/09/2012	EC	Summary
Committee draft report		PE496.642	01/10/2012	EP	
Amendments tabled in committee		PE496.682	08/10/2012	EP	
Budgetary report tabled for plenary, 1st reading		A7-0346/2012	19/10/2012	EP	Summary
Budgetary text adopted by Parliament		T7-0382/2012	23/10/2012	EP	Summary

Final act

Decision 2012/732
OJ L 328 28.11.2012, p. 0020 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in printing machinery manufacturing in Germany

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the printing machinery manufacturing industry in Germany.

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

Germany: EGF/2012/002 DE/manroland: on 4 May 2012, Germany submitted application EGF/2012/002 DE/manroland for a financial contribution from the EGF, following redundancies in manroland AG and two of its subsidiaries (hereinafter referred to as "manroland"), as well as one supplier in Germany. The application was supplemented by additional information up to 10 July 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Germany argues that manroland is a printing machinery manufacturer that has long been recognised internationally for its high engineering standards and for manufacturing high-quality products. During recent years, emerging markets such as China, India and South American countries, e.g. Brazil, increased their demand for printing machinery and therefore became important customers for German and other European printing machinery manufacturers. Increasingly, however, these countries have also become important players in their own right on the supply side of an increasingly global market. As a result, German high-quality producers now face stiff international competition, mostly of lower quality and at lower prices.

With a bigger number of international suppliers on the one hand and changing printing techniques on the other, the average producer of printing machinery serves a smaller share of the market. Sales go down, profits sink and employers have to consider redundancies. Over the past few years, manroland followed this pattern in its response to globalisation.

The German authorities also mention examples of protectionism in the market for printing machinery which contributes to lower costs of production and an uneven playing field for foreign competitors. Gradually, China has become one of the fiercest international competitors in this sector and competitors from outside China try to avoid the barrier of import duties by delocalising production to other Asian countries.

As a consequence, European printing machinery suppliers (including manroland) have lost significant international market share since the mid-2000s decade. Between 2000 and 2004, the world market share of European producers averaged 67% but fell to an average of 53% during the period 2005 to 2011. In parallel, manroland lost 10 % of its market share for reel-fed offset printing equipment during the period of 2005 to 2011. This development contributed to sinking and negative profits and in the end to the redundancies which gave rise to this EGF application.

Germany 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 and downstream producers. The application cites a total of 2 284 redundancies between 1 January 2012 to 30 April 2012.

On the basis of the application from Germany, the proposed contribution from the EGF to the coordinated package of personalised services is EUR 5 352 944, representing 50% 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.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trilogue 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 trilogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations from the EGF budget line will be used to cover the amount needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in printing machinery manufacturing in Germany

The Committee on Budgets adopted the report drafted by José Manuel FERNANDES (EPP, PT) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of EUR 5 352 944 in commitment and payment appropriations to assist Germany in respect of redundancies in printing machinery manufacturing.

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 Germany has requested assistance for 2 284 redundancies, 2 103 of which are targeted for assistance, in printing machinery manufacturer manroland AG and two of its subsidiaries, as well as one supplier in Germany, Members request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order 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, Germany is entitled to a financial contribution under that Regulation.

Members note the conditions t at the source of the request for the EGF contribution, and that the insolvency of manroland removes the third largest employer of the area (700 workers prior to the closure) in one of the three regions affected by the redundancies. They also note that manroland, before its insolvency, employed 6 500 workers and that it was a modern manufacturer of machinery with modern know-how. The break-up of this enterprise will cause a loss of skills, potentially affecting other employers in Germany, with no immediate prospect of an equivalent successor arising in the future.

Members recall the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. They recall that that the EGF support should primarily be allocated to job search and training programmes instead of contributing directly to financial allowances. They believe that, if included in the package, EGF support should be of complementary nature and never replace allowances under the responsibility of Member States.

Lessons learnt from the implementation of the EGF: Members consider lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals. They call on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF. They appreciate the improved procedure put in place by the Commission, following its request for accelerating the release of grants. They hope that further improvements in the procedure will be integrated in the new Regulation on the EGF (20142020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

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 must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it 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.

They also welcome the fact that following Parliaments requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. They regret the decision of the Council to block the extension of the "crisis derogation", allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in printing machinery manufacturing in Germany

The European Parliament adopted by 561 votes to 71, with 15 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF), for an amount of EUR 5 352 944 in commitment and payment appropriations in respect of redundancies in the printing machinery manufacturing sector in Germany.

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 Germany has requested assistance in respect of a case concerning 2 284 redundancies, 2 103 of whom are targeted for assistance, in printing machinery manufacturer manroland AG and two of its subsidiaries as well as one supplier in Germany, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount noting, moreover, that the conditions set out in Article 2(a) of the EGF Regulation are met. As a result, Germany is entitled to a financial contribution under this Regulation.

Recalling the conditions that at the source of the request for an EGF contribution, Parliament underlines that the insolvency of manroland removes the third largest employer of the area (700 workers prior to the closure) and that manroland before its insolvency employed 6,500 workers and that it was a modern manufacturer of machinery with modern know-how. The break-up of this enterprise (with a loss of one third of its workforce) will cause a loss of skills, potentially affecting other German employers. Furthermore, the three regions affected by the closure of this company - Augsburg (Bavaria), Offenbach (Hessen) and Plauen (Saxony) will, in addition, lose one of their most influential employers, with no immediate prospect of an equivalent successor arising in the near future.

Parliament also recalls the importance of improving the employability of all workers by means of tailored training and the recognition of skills and competences gained throughout the professional career. It recalls that that the EGF support should primarily be allocated to job search and training programmes instead of contributing directly to financial allowances. It believes that, if included in the package, EGF support should be of complementary nature and never replace allowances under the responsibility of Member States.

Lessons from the implementation of the EGF: Parliament considers lessons should be learned from the preparation and implementation of this and other applications addressing mass dismissals. It calls on the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to accelerate the mobilisation of the EGF. It appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants. It hopes that further improvements in the procedure will be integrated in the new Regulation on the EGF (20142020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its 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 must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors and that it 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.

Parliament welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument with its own objectives and deadlines and that it therefore deserves a dedicated allocation, which will avoid there being transfers from other budget lines, as happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF. Parliament regrets the decision of the Council to block the extension of the "crisis derogation", allowing the increase in the rate of Union cofinancing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline, and calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in printing machinery manufacturing in Germany

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the printing machinery manufacturing industry in Germany.

NON-LEGISLATIVE ACT: Decision 2012/732/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/2012/002/DE/manroland from Germany.

CONTENT: by this Decision, the European Parliament and the Council have decided to mobilise the amount of EUR 5 352 000 in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount shall assist Germany in respect of redundancies in the printing machinery manufacturer manroland AG and two of its subsidiaries, as well as one supplier.

Given that the request for intervention from Germany fulfils the conditions laid down in accordance with Regulation (EC) No 1927/2006, the European Parliament and the Council have decided to grant the above-mentioned amount.

To recap, 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.