Procedure file

Basic information

BUD - Budgetary procedure	2013/2139(BUD)	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy 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 Italy		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets		02/07/2013
		PPE RIQUET Dominique	
		Shadow rapporteur	
		ALDE PICKART ALVARO Alexander Nuno	
	Committee for opinion	Rapporteur for opinion	Appointed
	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
	Agriculture and Fisheries	3257	23/09/2013
European Commission	Commission DG	Commissioner	
	Budget	ANDOR László	

Key events

28/06/2013	Non-legislative basic document published	COM(2013)0469	Summary
04/07/2013	Committee referral announced in Parliament		
18/09/2013	Vote in committee		
23/09/2013	Budgetary report tabled for plenary	A7-0292/2013	Summary
23/09/2013	Draft budget approved by Council		

23/09/2013	End of procedure in Parliament		
08/10/2013	Results of vote in Parliament		
08/10/2013	Decision by Parliament	T7-0393/2013	Summary
22/10/2013	Final act published in Official Journal		

Technical information

Procedure reference	2013/2139(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/7/13226

Documentation gateway

Non-legislative basic document		COM(2013)0469	28/06/2013	EC	Summary
Committee draft report		PE514.824	03/07/2013	EP	
Amendments tabled in committee		PE516.669	30/08/2013	EP	
Budgetary report tabled for plenary, 1st reading		A7-0292/2013	23/09/2013	EP	Summary
Budgetary text adopted by Parliament		T7-0393/2013	08/10/2013	EP	Summary

Final act

Decision 2013/514
OJ L 280 22.10.2013, p. 0024 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automotive sector in Italy.

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

Italy: EGF/2012/008 IT: on 5 November 2012, Italy submitted application EGF/2012/008 IT/De Tomaso Automobili for a financial contribution from the EGF, following redundancies in De Tomaso Automobili S.p.A. in Italy. The application was supplemented by additional information up to 5 March 2013.

In order to establish the link between the redundancies and major structural changes in world trade patterns due to globalisation, Italy argues that globally, car production increased by 22.4% in 2010 (after a 9.6% downturn in 2009). In total, 58.3 million cars were manufactured in 2010. Although the EU was the biggest producer, accounting for 26% of world car production, in 2010, figures make it clear that growth in automobile manufacturing in the EU lags well behind that of its major competitors, thus leading to a loss of EU market share in the sector (market share in the world production of motor vehicles decreased from 28.4% in 2004 to 26.3% in 2010) and this decrease in EU market share is part of a longer trend, marked by the rapid growth in Asian markets.

The Commission states that to date, the automotive sector has been the subject of the most numerous EGF applications, with 16 cases.

Italy 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 1 030 redundancies in De Tomaso Automobili S.p.A. during the reference period from 5 July 2012 to 28 August 2012.

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 Italy, the proposed contribution from the EGF to the coordinated package of personalised services (including expenditure to implement EGF) is EUR 2 594 672, representing 50% of the total cost.

IMPACT ASSESSMENT: not applicable.

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 2 594 672, 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 trialogue 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 trialogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2013 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006. Appropriations allocated to the EGF budget line in the 2013 budget will be used to cover the amount of EUR 2 594 672 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

The Committee on Budgets adopted the report by Dominique RIQUET (EPP, FR) 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 2 594 672 in commitment and payment appropriations to assist Italy hit by redundancies in the automotive sector.

Members recalled that the European Union has set up 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 Italy submitted the application for EGF financial contribution following

1 030 redundancies in De Tomaso Automobili S.p.A., with 1010 workers targeted for EFG co-funded measures, during the reference period from 5 July 2012 to 28 August 2012, Members requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met.

The report noted that the redundancies were caused by the changes in the geographical patterns of consumption, in particular the rapid growth in Asian markets from which Union producers are less able to benefit, being traditionally less well positioned on these markets than elsewhere, together with the tightening of credit which followed the economic and financial crisis.

Members stressed that the Commission has already recognised the impact of the economic and financial crisis on the automotive sector and that this sector had the largest number of applications (16) for EGF support, of which 7 are based on trade related globalisation.

Members welcomed the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised measures on 15 January 2013, well ahead of the final decision on granting the EGF support for the proposed coordinated package.

They noted that the dismissals were covered by the wage compensation fund (CIG) and that the Italian authorities have requested EGF support to finance subsistence allowances, however, of additional value to usual welfare payments available under Italian labour law for unemployed.

Members recalled that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programmes, and its financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers by virtue of national law or collective agreements as recently highlighted by the Court of Auditors in the Special Report No 7/2013.

Improving the future EGF: Members called on the Member States to include in future applications the following information concerning the training measures to be supported by EGF: (i) types of training provided; (ii) in which sectors and if the offer matches the anticipated skills needs in the region/locality and; (iii) if it is aligned with future economic prospects of the region.

Members requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF. They appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They hoped that further improvements in the procedure will be integrated in the new Regulation on European Globalisation Adjustment Fund (20142020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

In the process, Members reiterated their classic position when dealing with this type of request:

- it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment;

- EGF assistance 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.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

The European Parliament adopted by 585 votes to 66, with 13 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for a total amount of EUR 2 594 672 in commitment and payment appropriations to assist Italy hit by redundancies in the automotive sector.

Parliament recalled that the European Union has set up 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 Italy submitted the application for EGF financial contribution following 1 030 redundancies in De Tomaso Automobili S.p.A., with 1010 workers targeted for EFG co-funded measures, during the reference period from 5 July 2012 to 28 August 2012, Parliament requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met.

Parliament noted that the redundancies were caused by the changes in the geographical patterns of consumption, in particular the rapid growth in Asian markets from which Union producers are less able to benefit, being traditionally less well positioned on these markets than elsewhere, together with the tightening of credit which followed the economic and financial crisis.

The resolution recalled that the Commission has already recognised the impact of the economic and financial crisis on the automotive sector and that this sector had the largest number of applications (16) for EGF support, of which 7 are based on trade related globalisation.

Parliament welcomed the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised measures on 15 January 2013, well ahead of the final decision on granting the EGF support for the proposed coordinated package.

It called on the Italian authorities to use the EGF support to its full potential and to encourage the maximum number of workers to participate in the measures, given that that early EGF interventions in Italy suffered from a relatively low rate of budget implementation mainly due to low participation rates.

It was revealed that the dismissals were covered by the wage compensation fund (CIG) and that the Italian authorities have requested EGF support to finance subsistence allowances, however, of additional value to usual welfare payments available under Italian labour law for unemployed.

Parliament recalled that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programmes, and its financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers by virtue of national law or collective agreements as recently highlighted by the Court of Auditors in the Special Report No 7/2013.

Parliament welcomed the fact that the social partners, and in particular trade unions at local level, were consulted on the design of the measures of the coordinated EGF package.

Improving the future EGF: Parliament called on the Member States to include in future applications the following information concerning the training measures to be supported by EGF: (i) types of training provided; (ii) in which sectors and if the offer matches the anticipated skills needs in the region/locality and; (iii) if it is aligned with future economic prospects of the region.

It requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF. Members appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application together with the proposal to mobilise the EGF. They hoped that further improvements in the procedure will be integrated in the new Regulation on European Globalisation Adjustment Fund (20142020) and that greater efficiency, transparency and visibility of the EGF will be achieved.

In the process, Parliament reiterated their position when dealing with this type of request:

- it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment;
- EGF assistance 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.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in the automobile sector in Italy.

NON-LEGISLATIVE ACT: Decision 2013/514/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/2012/008 IT/De Tomaso Automobili from Italy).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the EGF for an amount of EUR 2 594 672 in commitment and payment appropriations in the framework general budget of the European Union 2013.

This amount shall assist Italy following redundancies within the enterprise *De Tomaso Automobili* S.p.A.

Given that this application complies with the requirements for determining the financial contributions as laid down in Article 10 of Regulation (EC) No 1927/2006, Parliament and Council have decided to grant the aforementioned amount.

To recall, the EGF seeks 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.