Mobilisation of the European Globalisation Adjustment Fund: redundancies in electrotechnical industry in Lithuania

2010/0003(BUD) - 22/01/2010 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the electronics sector in Lithuania.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: Regulation EC N° 1927/2006 established the European Globalisation Adjustment Fund (EGF) 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. This Regulation has been last amended by Regulation (EC) N° 546/2009 which temporarily broadens the scope for application of EGF and modifies the eligibility criteria. The amended Regulation is applicable for applications received from 1 May 2009. The Interinstitutional Agreement of 17 May 2006 allows the mobilisation of the EGF within the annual ceiling of EUR 500 million. The Commission has carried out a thorough examination of the application submitted by Lithuania and it has made the following decision:

Lituania: Case EGF/2009/010 LT/Snaig: Lithuania submitted the application to the Commission on 23 July 2009. It was based upon the specific intervention criteria Article 2(c) of Regulation (EC) No 1927 /2006 which 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. Lithuania has specified that its application seeks to derogate from Article 2(a), where the normal threshold is at least 500 redundancies over a 4-month period. The redundancies in AB Snaig took place in two major waves, peaking in November 2008 and February-March 2009, and there was no single four-month period that captured at least 500 redundancies, even though the total redundancies exceeded that figure by adding around six weeks to the reference period. The application concerns 651 redundancies of whom 480 are targeted for EGF assistance. La demande porte ainsi sur 651 licenciements dont 480 sont concernés par l'aide du FEM.

IMPACT ASSESSMENT: none.

FINANCIAL IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. On the basis of the application for support from the Fund submitted by Lithuania, the Commission proposes to accept application EGF/2009/010 LT/Snaig relating to the redundancies in AB Snaig and two of its suppliers, as evidence of a direct and demonstrable link has been provided that these redundancies result from the global financial and economic crisis. A co-ordinated package of eligible personalised services has been proposed of which the requested contribution of the EGF is **EUR 258 163** being 65% of the total cost.

By presenting this proposal to deploy the Fund, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, in view of securing the agreement of the two arms of the budgetary authority on the need to use the Fund 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.