Mobilisation of the European Globalisation Adjustment Fund: redundancies in clothing sector in Lithuania

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PURPOSE: to mobilise the European Globalisation Adjustment Fund in respect of redundancies in the wearing apparel 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:

Lithuania: Case EGF/2009/018 LT/Manufacture of wearing apparel: Lithuania submitted the application to the Commission on 23 September 2009. It was based upon the specific intervention criteria Article 2(b) of Regulation (EC) No 1927/2006 which requires at least 500 redundancies to occur within a nine-month period of reference in a NACE 2 division in one region or two contiguous regions at NUTS II level. The application concerns 1 154 redundancies in 45 enterprises, all operating in the NACE Revision 2 Division 14 (manufacture of wearing apparel), of whom 491 are targeted for EGF assistance.

On the basis of the conclusions of the above mentioned communication, it is proposed to accept the application submitted by Lithuania, 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 523 481**.

IMPACT ASSESSMENT: not applicable.

FINANCIAL IMPLICATIONS: the total annual budget available for the EGF is EUR 500 million. An amount of EUR 8 238 485 has already been mobilised for prior applications in 2010 leaving an amount of EUR 491 761 515 available. On the basis of the application for support from the Fund submitted by Lithuania and in which the clothing sector is affected, the contribution from EGF to the coordinated package of personalised services to be funded is of EUR 523 481, representing 65% of the total cost.

Considering the maximum possible amount of a contribution from the Fund as well as the scope for reallocating appropriations, the Commission proposes to deploy the EGF for the total amount referred above**,** to be allocated under heading 1a of the financial framework.

The requested amount of support 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 deploy the Fund, the Commission initiates the simplified trialogue procedure, as required by Point 28 of the Inter-institutional 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.