Mobilisation of the European Globalisation Adjustment Fund: redundancies in crystal production in Ireland

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PURPOSE: to mobilise the European Globalisation Fund in respect of redundancies in the Irish crystal production sector.

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

CONTENT: Regulation (EC) No 1927/2006 of the European Parliament and of the Council established the European Globalisation Adjustment Fund which aims 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 allows the mobilisation of the Fund within the annual ceiling of EUR 500 million.

The Commission examined Ireland's request to mobilise the EGF:

Ireland: **EGF/2009/012 IE/Waterford Crystal, Ireland**: Ireland submitted an application to mobilise the EGF, in respect of redundancies in the enterprise Waterford Crystal and three of its suppliers or downstream producers, on 7 August 2009 and supplemented it by additional information up to 3 November 2009.

Ireland 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 or downstream producers. The application cites 538 redundancies in Waterford Crystal and three of its suppliers during the four-month reference period from 30 January 2009 to 29 May 2009

On the basis of the application from Ireland and the Commission's conclusions, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 2 570 853**.

IMPACT ASSESSMENT: no impact assessment was carried out.

BUDGETARY IMPLICATION: considering the maximum possible amount of a financial contribution from the EGF under Article 10 (1) of the 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 2 570 853 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 the Regulation (EC) No 1927/2006.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trialogue procedure 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 2010 budget specific commitment and payment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Alternative sources of payment appropriations: the practice followed until now has been of sourcing the necessary payment appropriations from the ESF budget because of the policy "proximity", and given that the annual requirement for the EGF in payment appropriations thus far have been in the range of 1% of the ESF payment endowment. However, the European Parliament contests that practice arguing that it takes away budgetary means to an instrument (ESF) which is a priority for the European Parliament, and calling on the Commission to use alternative sources. At this early stage of the budget year, such alternative sources are difficult to identify.

Nevertheless, with a view to meet this request for future EGF cases, the Commission is willing to look into the possibility of finding alternative sourcing of payment appropriations whenever this is possible and reasonable and where there is no risk of delay to the processing of the request for transfer.