Mobilisation of the European Globalisation Adjustment Fund: redundancies in ICT services in Ireland

2012/2157(BUD) - 23/10/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 561 votes to 72, with 13 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 2 696 382** in commitment and payment appropriations **in respect of redundancies in the information technology sector in Ireland.**

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 Ireland has requested assistance for 592 redundancies, 432 of which are targeted for assistance, in *Talk Talk Broadband Services (Ireland) Limited* (hereinafter referred to as *Talk Talk*) and three of its suppliers in Ireland, 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, **Ireland is entitled to a financial contribution under that Regulation**.

Parliament notes that the conditions at the source of the request for the EGF contribution and that there were two previous rounds of redundancy (April 2010 and April 2011) in *Talk Talk* with an estimated 50 persons per instance. These were viewed as representing management restructuring. Parliament regrets in particular the abrupt decision to close *Talk Talk's* Waterford sire leaving the workers only 30 days notice, noting that the dismissals took place in the South East region which suffers from the unemployment rate higher then the state average.

Parliament welcomes the fact that the Irish authorities decided to start the implementation of the coordinated package well in advance of the decision of the budgetary authority on granting the EGF support and 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.

Lessons from the implementation of the EGF: Parliament notes that the Irish authorities complain about time constraints for EGF implementation which prevents from providing training courses exceeding the 24-month implementation period. It regrets that the EGF Regulation allows EGF support to substitute social welfare payments required under national law. In its view, the EGF should be primarily allocated to training and job search as well as occupational orientation programmes and promotion of entrepreneurship, acting complementarily to national institutions and **not substituting employment benefit or any other social welfare payments which are the responsibility of national institutions under national laws**. 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 (2014–2020) 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.