Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive industry in Sweden

2012/2279(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 591 votes to 69, with 20 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 454 560** in commitment and payment appropriations to assist Sweden in respect of redundancies in the automobile manufacturing sector.

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 Sweden has requested assistance for 3 748 total eligible redundancies, 1 350 of which are targeted for assistance for workers of Saab Automobile SA, one of its subsidiaries, namely SAAB Automobile Powertrain AB, and 16 of its suppliers in Sweden, Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Sweden is therefore entitled to a financial contribution under this Regulation**.

Swedenand the EGF: Parliament welcomes the fact that the Swedish authorities aimed to help the dismissed workers immediately and that the implementation of the coordinated package of personalised services started already on 20 December 2011 - ahead of the decision to grant EGF support. It, however, regrets that despite applying for EGF support, Sweden is among the countries **undermining the future of the Fund after 2013** and blocking the extension of the crisis derogation.

Parliament also regrets that bankruptcy of Saab led to a 20% increase in unemployment in the region of Trollhattan, where the production plant was based and notes that this is yet another EGF application addressing dismissals in the **automotive sector** and thats with 16 applications, this sector has been the subject of the most EGF applications submitted, both in relation to crisis and to globalisation criteria.

Parliament emphasises the key importance of adapted training and recognition of skills and competences gained throughout the professional career. It stresses that it is essential that the training on offer in the coordinated package is adapted and is adequate to the needs and level of the dismissed workers, and to the current business environment.

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF, in particular in the case of mass redundancies, and requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. It also appreciates the improved procedure put in place by the Commission, following Parliament's request for accelerating the 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. It hopes that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF’s effectiveness, transparency and visibility will be strengthened as a result.

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 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.

Retraining of automobile sector workers: Parliament welcomes the fact that the training offered is matched with the future skills and qualifications needed in the region and that it will be focused on growth areas, such as the renewable sector. However, it regrets that the Commission proposal does not include more detailed information concerning the consultation process of the social partners in the implementation of measures and in particular, concerning the involvement, possibly financial, of Saab.

Insufficient budgetary resources: Parliament regrets the fact that the payment appropriations of EUR 50 000 000 on the EGF budget line (line 04 05 01) in the 2012 budget has proved to be insufficient to cover all needed payments. It also regrets that the Commission has proposed to cover this payment through a transfer of payment appropriations from European Progress Microfinance Facility (line 04 04 15) **instead of asking for fresh money** through Draft Amending Budget No 6/2012, as it justifiably did for other requests for EGF mobilisation, and part of this application.

Parliament recalls that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past, which could be detrimental to the achievement of the policy objectives of the EGF.

Lastly, Parliament deplores the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.