Mobilisation of the European Globalisation Adjustment Fund: redundancies in electronics manufacturing services in Denmark

2012/2278(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 589 votes to 68, with 18 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 1 370 910** in commitment and payment appropriations to assist Denmark in respect of redundancies in the electronics manufacturing sector.

Members recall 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 Denmark has requested assistance for 303 redundancies 153 of which are targeted for assistance, in *Flextronics International Denmark A/S* during the reference period from 1 July 2011 to 31 October 2011 (including 87 redundancies outside the reference period, but related to the same collective redundancy procedure), Members request the institutions involved to make the necessary efforts 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(c) of the EGF Regulation are met and that, therefore, **Denmark is therefore entitled to a financial contribution under this Regulation**.

Denmarkand the EGF: while it welcomes the Danish application, Parliament regrets, however, the fact that, despite several successful Danish mobilisations of the EGF under both the trade-related criteria and the crisis-related criteria, **Denmark is among the countries undermining the future of the EGF after 2013** and is blocking the extension of the crisis derogation. Parliament considers it is of concern that Denmark is applying for the mobilisation of the EGF fund on behalf of *Flextronics International Denmark* , established by the Singapore-registered Flextronics International Ltd, which is moving its facilities to Asia. They note that the region of Midtjylland, where the municipality of Skive is located, has already benefited from the EGF support by means of two applications, namely EGF/2010/017 Midtjylland Machinery and EGF/2012/003 *Vestas*.

Parliament notes the fact that, in order to provide workers with immediate assistance, the Danish authorities decided to start the implementation of the measures on 21 March 2012, ahead of the final decision about granting EGF support for the proposed coordinated package. It 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, taking into account their social and economic background.

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF 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 calls for reciprocity in trade between the EU and third countries as an essential condition for EU companies to gain access to new non European markets.

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;
- 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 it should co-finance only active labour market measures which lead to **durable, long-term employment**;
- 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.

The question of training and reskilling of workers: Parliament notes that the Danish authorities propose a expensive coordinated package of personalised services (EUR 12 891 per worker) but welcomes the fact that the package consists of measures that are additional and innovative compared to those offered generally. It considers, however, the subsistence allowance of EUR 4 439 per worker for the participation in the measures as too high. It also recalls that the EGF should in the future be primarily allocated to training and job search, as well as occupational orientation programmes, and its financial contribution to allowances should always be **of an additional nature** and in parallel to what is available to dismissed workers by virtue of national law or collective agreements. Parliament observes that only 153 of the 303 workers made redundant are targeted for the measures in question.

EGF financing: Parliament also welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 000 000 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 therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past.

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.