Mobilisation of the European Globalisation Adjustment Fund: redundancies in the manufacture of domestic appliances in Italy

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The Committee on Budgets adopted the report by Frédéric DAERDEN (S&D, BE) on the proposal for a decision of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund for a total amount of **EUR 5 037 482** in commitment and payment appropriations to assist Italy hit by redundancies in the manufacture of domestic appliances.

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 Italy submitted an application for a financial contribution from the EGF requesting assistance for 1 517 redundancies during the four-month reference period from 23 August 2011 to 23 December 2011, 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 to cover the amount requested. They agree with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met and that, therefore, **Italy is entitled to a financial contribution under that Regulation**.

The *Merloni* case: Members note that the production plants of Antonio Merloni SpA, a producer of domestic appliances, were located in the Italian regions of Marche and Umbria, in particular the provinces of Ancona and Perugia. As a result of the global economic crisis, the company experienced financial difficulties, which were further exacerbated by the sudden tightening of conditions for accessing financial credit. This application, therefore, covers the 1 517 workers who are unemployed as a result of the closure of **Antonio Merloni SpA**.

Members welcome the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the measures on 29 March 2012, well ahead of the final decision on granting the EGF support for the proposed coordinated package. They deplore, however, that the EGF could only intervene **almost 3 years and a half after** the company had been ruled insolvent.

They note that the coordinated package of personalised services to be co-funded includes measures for the reintegration of workers into employment such as occupational guidance, job-search assistance, entrepreneurship promotion, vocational training and skills upgrade, etc.

In parallel, Members ask the Commission to further detail in future proposals the types of training to be provided through a voucher, in which sectors the workers are likely to find employment and whether the training on offer is aligned to the future economic prospects and labour market needs in the regions concerned by the dismissals. They call on the Italian authorities to use the EGF support to its full potential and to encourage the maximum number of workers to participate in the measures.

They point out that the biggest part of the costs of personalised services is to be committed to "Job search allowance" (**EUR 2 000 per worker for the days of participations to EGF measures**). They reiterate that the **EGF support should primarily be allocated to training programs instead of contributing directly to financial allowances** which are the responsibility of Member States by virtue of national law. They recommend that in future cases of a mobilisation of that Fund such measures should be discouraged.

Learn lessons from the implementation of the EGF: 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.

They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that greater efficiency, transparency and visibility of the EGF will be achieved.

Members reiterate their position as regards the processing of an application of this kind:

- 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;
- EGF assistance can co-finance only active labour market measures which **lead to durable, long-term employment**;
- the need to obtain information on the coordinated package of personalised services to be funded from the EGF including information on complementarity with actions funded by the Structural Funds.

Insufficient budget appropriations: Members welcome the fact that following requests from Parliament, the 2013 budget shows payment appropriations of EUR 50 million on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument with its own objectives and deadlines and that, therefore, it 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, Members regret the decision of the Council to block the extension of the "crisis derogation", allowing for the provision of financial assistance to workers made redundant as a result of the current economic crisis, in addition to those losing their jobs because of changes in global trade patterns and allowing for an increase in the rate of Union co-financing to 65% of programme costs for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.