Mobilisation of the European Globalisation Adjustment Fund: redundancies in the tobacco industry in Austria

2013/2048(BUD) - 16/04/2013 - Budgetary text adopted by Parliament

The European Parliament adopted by 557 votes to 83, with 74 abstentions, a resolution approving 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 3 941 999** in commitment and payment appropriations to assist Austria hit by redundancies in the tobacco industry.

Parliament recalls that the European Union with its European Globalisation Adjustment Fund (EGF) has set up a legislative and budgetary instrument to provide additional support to workers made redundant as a result of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Austria submitted an application for a financial contribution from the EGF, following 320 redundancies in Austria Tabak GmbH and in 14 suppliers and downstream producers with 270 workers targeted for EFG co-funded measures, during the four-month reference period from 20 August 2011 to 19 December 2011, Parliament requests 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. It agrees with the Commission that the conditions set out in Article 2(c) of the EGF Regulation are met and that **Austria is therefore entitled to a financial contribution under that Regulation**.

The *Austria Tabak* case: Parliament emphasises the fact that the closure of Austria Tabak, the then second-largest employer in the Bruck an der Leitha district, with many small businesses linked to the enterprise, has put the district in a particularly difficult situation. In September 2011, the number of job vacancies had almost halved (-47%), compared to the same month in the previous year, whereas for Niederösterreich (NUTS II level) and at national level, this decline was much lower (-4% and -7%, respectively). It also recalls that at NUTS II level, the Land of Niederösterreich was also affected by other mass redundancies for which EGF applications were submitted to the Commission in 2009 and 2010.

Parliament welcomes the fact that in order to provide workers with speedy assistance, the Austrian authorities decided to initiate the implementation of the personalised measures on 15 November 2011, well ahead of the final decision on granting the EGF support for the proposed coordinated package.

It notes that the coordinated package of personalised services to be co-funded includes measures for the reintegration of 270 workers into employment such as career advice, job search assistance, job mentoring, various types of training and qualification measures, including vocational training in higher technical and vocational schools, apprenticeships/internships in enterprises, practical on-the-job training, intensive support for workers aged over 50 as well as training and subsistence allowances during the training and active job search.

Parliament also welcomes the proposed coordinated package of personalised services and the detailed descriptions of the measures presented in the Commission proposal. It welcomes the fact that the training on offer is combined with the future economic prospects and the future skills and qualification needs in the region.

It draws the attention to the subsistence allowance for workers on training and on job search which is said to amount **EUR 1 000 per worker per month** which will be combined with training allowance of EUR

200 per worker per month. Members recall that the EGF should in the future be primarily allocated to training and job search as well as occupational orientation programs and its **financial contribution to allowances should always be of additional nature and in parallel to what is available to dismissed workers** by virtue of national law or collective agreements. They regret that EUR 4 266 000 of the total cost of the package amounting to EUR 5 864 615 is devoted to various financial allowances, a similar proportion to previous cases and recommend that a proportionate amount should be dedicated to training-related measures in future mobilisations.

Learn lessons from the implementation of the EGF: Parliament requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements in order to **accelerate the mobilisation of 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 greater efficiency, transparency and visibility of the EGF will be achieved.

Parliament reiterates its 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.

Budget appropriations: Parliament welcomes 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. It recalls 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, Parliament regrets 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.