Mobilisation of the European Globalisation Adjustment Fund: redundancies in the automotive sector in Italy

2013/2139(BUD) - 08/10/2013 - Budgetary text adopted by Parliament

The European Parliament adopted by 585 votes to 66, with 13 abstentions, a resolution approving the annexed proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund (EGF) for a total amount of **EUR 2 594 672** in commitment and payment appropriations to assist Italy hit by redundancies in the automotive sector.

Parliament recalled that the European Union has set up 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 the application for EGF financial contribution following 1 030 redundancies in *De Tomaso Automobili S.p.A.*, with 1010 workers targeted for EFG co-funded measures, during the reference period from 5 July 2012 to 28 August 2012, Parliament requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF for the requested amount, agreeing with the Commission that the conditions set out in Article 2(a) of the EGF Regulation are met.

Parliament noted that the redundancies were caused by the changes in the geographical patterns of consumption, in particular the rapid growth in Asian markets from which Union producers are less able to benefit, being traditionally less well positioned on these markets than elsewhere, together with the tightening of credit which followed the economic and financial crisis.

The resolution recalled that the Commission has already recognised the **impact of the economic and financial crisis on the automotive sector** and that this sector had the largest number of applications (16) for EGF support, of which 7 are based on trade related globalisation.

Parliament welcomed the fact that, in order to provide workers with speedy assistance, the Italian authorities decided to initiate the implementation of the personalised measures on 15 January 2013, well ahead of the final decision on granting the EGF support for the proposed coordinated package.

It called 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, given that that early EGF interventions in Italy suffered from a relatively low rate of budget implementation mainly due to low participation rates.

It was revealed that the dismissals were covered by the wage compensation fund (CIG) and that the Italian authorities have **requested EGF support to finance subsistence allowances**, however, of additional value to usual welfare payments available under Italian labour law for unemployed.

Parliament recalled 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 additional nature and in parallel to what is available to dismissed workers by virtue of national law** or collective agreements as recently highlighted by the Court of Auditors in the Special Report No 7/2013.

Parliament welcomed the fact that the social partners, and in particular trade unions at local level, were consulted on the design of the measures of the coordinated EGF package.

Improving the future EGF: Parliament called on the Member States to include in future applications the following information concerning the training measures to be supported by EGF: (i) types of training provided; (ii) in which sectors and if the offer matches the anticipated skills needs in the region/locality and; (iii) if it is aligned with future economic prospects of the region.

It requested the institutions involved to make the necessary efforts to improve procedural arrangements to accelerate the mobilisation of the EGF. Members appreciated the improved procedure put in place by the Commission, following Parliament's request for the accelerated 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. They hoped that **further improvements in the procedure will be integrated in the new Regulation on European Globalisation Adjustment Fund (2014–2020)** and that greater efficiency, transparency and visibility of the EGF will be achieved.

In the process, Parliament reiterated their position when dealing with this type of request:

- it shall be ensured that the EGF supports the reintegration of individual redundant workers into stable employment;
- EGF assistance 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.